

3 1 1 6 8
SEC Registration Number

A B R O W N C O M P A N Y , I N C .
(Company's Full Name)

X A I V E R E S T A T E S U P T O W N

A I R P O R T R O A D B A L U L A N G

C A G A Y A N D E O R O C I T Y

(Business Address: No. Street City/Town/Province)

Allan Ace R. Magdaluyo
Contact Person

02-6386832
Company Telephone Number

2018

Integrated Annual Corporate Governance Report

1 2 3 1
Month Day
Fiscal Year

I - A C G R
FORM TYPE

0 6
Month Day
Annual Meeting

Secondary License Type, if applicable

C G F D
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2,098 (December 31, 2018)
Total No. of Stockholders

₱1,284,896,456 (December 31, 2018)	- 0 -
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM - I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended : **December 31, 2018**
2. SEC Identification Number : **31168**
3. BIR Tax Identification No. : **002-724-446-000**
4. Exact name of issuer as specified in its charter : **A Brown Company, Inc.**
5. Country of Incorporation : **Philippines**
6. Industry Classification Code (SEC Use Only):
7. Address of principal office / Postal Code : **Xavier Estates Uptown
Airport Road, Balulang
Cagayan de Oro City 9000**
8. Issuer's telephone number, including area code : **088-8588784 or 02-6386832**
9. Former name, former address, and former fiscal year, if changed since last report : **Not Applicable**

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
<p>Recommendation 1.1</p>			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the following:</p> <ol style="list-style-type: none"> Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors. <p>2018 SEC Form 17-A (Annual Report) – Page 66-70] https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p> <p>2018 SEC Form 20-IS (Definitive) – [Page 10-14] http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	<p>COMPLIANT</p>	<ol style="list-style-type: none"> Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance 	

<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	<p>COMPLIANT</p>	<p>2018 Attendance to Corporate Governance Training https://www.abrown.ph/investor-relation-tax/annual-corporate-governance-report/sec-acgr-annual-corporate-governance-report/</p> <p>Revised Manual on Corporate Governance – Annex I (Qualifications and Disqualifications of Directors) – [Page 62-65] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
Recommendation 1.2			
<p>1. Board is composed of a majority of non- executive directors.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to a document identifying the directors and the type of their directorships</p> <p>Walter W. Brown – Chairman Emeritus (NED) until Dec. 7, 2018 – elected Chairman (NED) on Dec. 7, 2018</p> <p>Annabelle P. Brown – Non-Executive Director</p> <p>Robertino E. Pizarro – Chairman (Non-Executive Director-NED) until Dec. 7, 2018 – elected President and Chief Executive Officer (ED) on Dec. 7, 2018</p> <p>Roel Z. Castro – President and Chief Executive Officer (ED) until Nov. 30, 2018</p>	

		<p>- Non-Executive Director starting Dec. 1 until Dec. 31, 2018 Antonio S. Soriano - Non-Executive Director Elpidio M. Paras – Independent Director Thomas G. Aquino – Independent Director Joselito H. Sibayan – Non-Executive Director Joel A. Bañares – Treasurer (ED) until Dec. 31, 2018</p> <p><i>As of December 31, 2018, out of nine (9) directors, seven (7) directors are considered non-executive directors, including two (2) independent directors.</i></p>	
Recommendation 1.3			
<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	COMPLIANT	<p>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</p> <p><i>Please refer to the following:</i></p> <ol style="list-style-type: none"> 1. <i>Revised Manual on Corporate Governance – Item 18 – Training Process – [Page 33-34]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf 2. <i>Board of Directors' Charter – Section 2.2.4 to Section 2.2.5 (Qualifications of Directors)</i> http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf 	
<p>2. Company has an orientation program for first time directors.</p>	COMPLIANT	<p>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</p>	

		<p>New directors are given an orientation on the business of the Company. They are also given access to the Directors and Officers of the Company to address any questions and clarifications they may have.</p> <p>Board of Directors' Charter – Section 2.2.4 (Qualifications of Directors) http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf</p> <p>The orientation program of the first-time directors covers SEC-mandated topics on Corporate Governance and introduction to the Company's business, Articles of Incorporation, By-Laws, Revised Manual on Corporate Governance.</p>	
3. Company has relevant annual continuing training for all directors.	COMPLIANT	<p>Certificates of Attendance to Corporate Governance Seminar http://www.abrown.ph/investor-relation-tax/annual-corporate-governance-report/sec-acgr-annual-corporate-governance-report/</p>	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Please refer to the following:</p> <ol style="list-style-type: none"> Board of Directors' Charter – Section 2.1.3 (Board Diversity) http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf and Revised Manual on Corporate Governance – Item 1.1.3 – Board Composition – [Page 6] 	

		<p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>Indicate gender composition of the board.</p> <p><i>Prior to the 25 October 2017 Annual Stockholders' Meeting (ASM), there were two (2) female directors and seven (7) male directors. After such ASM and the 28 June 2018 ASM, there was only one (1) female director and the remaining eight (8) were male directors.</i></p>	
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Optional: Recommendation 1.4

<p>1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.</p>	<p>NON-COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Provide link or reference to a progress report in achieving its objectives.</p>	<p><i>The Company has a policy on board diversity but no explicit measurable objectives to implement such.</i></p> <p><i>While there are no explicit measurable objectives, the Company has been practicing nominating and electing Board of Directors from diverse background (i.e. field of practice and education). Moreover, the ages of the Directors range from 50s to 79 years old. The Board of Directors likewise has a female member.</i></p> <p><i>The Company intends to draft measurable objectives for implementing its policy on board diversity and provide progress reports thereon.</i></p>
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Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT		
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT		<p><i>Revised Manual on Corporate Governance – Item 1.2 – Corporate Secretary – [Page 6 -7]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p><i>The Corporate Secretary is Atty. Jason C. Nalupta, one of the partners of Tan Venturanza Valdez Law Office, and is not a director of the Company. He has extensive experience in corporate housekeeping having handled local and multinational firms including those listed in the Philippine Stock Exchange. He earned his Juris Doctor degree, as well as his Bachelor of Science degree in Management (major in Legal Management), from the Ateneo de Manila University.</i></p> <p><i>2018 SEC Form 17-A (Annual Report) – [Page 72]</i> https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p> <p><i>Revised Manual on Corporate Governance – Item 1.2.1 – Corporate Secretary)– [Page 6]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>

4. Corporate Secretary attends training/s on corporate governance	COMPLIANT	<p>Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p> <p><i>Certificate of Participation to Corporate Governance Training dated 08 August 2018</i> http://www.abrown.ph/wp-content/uploads/2018/08/Cert-of-Attendnace-in-CG-Training-2018_JCN.pdf <i>Number of Hours: 4</i> <i>Topics Covered/Program: Advanced Corporate Governance Training Program</i></p>	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	NON-COMPLIANT	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting	<i>Although materials for board meetings are not distributed five (5) business days before the scheduled meetings, such materials are distributed prior to the meeting to allow the Members of the Board sufficient time to familiarize themselves with the matters to be discussed during the meeting.</i>

Recommendation 1.6

<p>1. Board is assisted by a Compliance Officer.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.</p>	
<p>2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.</p>	<p>COMPLIANT</p>	<p><i>The Board appointed Mr. Allan Ace R. Magdaluyo, Senior Finance Manager with Senior Manager position level, as the Company's Compliance Officer. He is not a member of the Board. As a Senior Finance Manager with Senior Manager position level, he has adequate stature and authority in the Company.</i></p>	
<p>3. Compliance Officer is not a member of the board.</p>	<p>COMPLIANT</p>	<p>Revised Manual on Corporate Governance – Item 1.2 – Corporate Secretary – [Page 7 -8] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>Disclosure on the Results of Organizational Meeting http://www.abrown.ph/wp-content/uploads/2018/07/06_28_2018_Results-of-Organizational-Meeting-1.pdf</p> <p>Revised Manual on Corporate Governance – Item 1.3.1 – Compliance Officer – [Page 7-8] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p>	

		<p>Certificate of Participation to Corporate Governance Training dated 06 June 2018 http://www.abrown.ph/wp-content/uploads/2018/08/06_07_2018_ACGR-Attendance-on-Corp.-Governance-Seminar_TGA-IAM-DCT-AARM-on-06.05.18-06.06.18.pdf No. of Hours: 8 hours Topics Covered: Introduction to Corporate Governance and Best Practices including Board Committees /Corporate Governance Orientation</p>	
<p>Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.</p>			
<p>Recommendation 2.1</p>			
<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</p> <p><i>As a member of the Board, each Director performs their duties on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company pursuant Part 2.1.2 of the Manual on Corporate Governance.</i></p>	
<p>Recommendation 2.2</p>			
<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)</p>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p><i>As one of its duties and functions, the Board oversees the development of and directs the Company's business objectives and strategy and monitors its implementation in order to sustain the Company's long-term viability and</i></p>	

		<p>strength.</p> <p><i>Revised Manual on Corporate Governance – Item 2.1.2 – Specific Duties and Functions of the Board – [Page 10]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>Indicate frequency of review of business objectives and strategy</p> <p><i>Each year, the Board, in one of its regular meetings, takes up the Company's plans and strategies as part of its review of the Company's vision and mission.</i></p>	
Supplement to Recommendation 2.2			
<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>COMPLIANT</p>	<p>Indicate or provide link/reference to a document containing the company's vision, mission and core values.</p> <p><i>2018 SEC Form 17-A (Annual Report) - Page 54]</i> https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p> <p>Indicate frequency of review of the vision, mission and core values.</p> <p><i>Each year, the Board, in one of its regular meetings, takes up the Corporation's plans and strategies as part of its review of the company's vision and mission.</i></p>	

<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>NON-COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the strategy execution process.</p>	<p><i>It is a deliberate move of the Board to build a strong Management Team so that although the Board does not have a strategy execution process documentation that management can refer to, with the level of expertise and depth of experience of the Management Team, the process of strategy execution is second nature.</i></p>
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Recommendation 2.3

<p>1. Board is headed by a competent and qualified Chairperson.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p> <p><i>Mr. Robertino E. Pizarro, Filipino, 63, was elected as President and Chief Executive Officer on December 7, 2018. Prior to his current position, he was an Executive Chairman* beginning September 28, 2016. He was the President of the company from August 2003 to Sept. 2016. He finished the course on Strategic Business Economic Program at University of Asia and the Pacific (Aug 2002–Aug 2003). He is the immediate past President and Member of the Board of Directors of Cagayan de Oro Chamber of Commerce and Industry. He is also the President of ABERDI, Brown Resources Corporation, NAKEEN Corporation (February 26, 1997 to present), Xavier Sports and Country Club (1999 to present), Simple Homes Development, Inc., Bonsai Agricultural Corporation and Minpalm Agricultural Co., Inc. (2004 to present).</i></p>	
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		<p><i>He was the former President and now Director of Philippine Palmoil Development Council, Inc. (PPDCI). He has no directorship in other publicly-listed companies.</i></p> <p><i>*On March 28, 2017, the designation of Mr. Robertino E. Pizarro as Executive Chairman was changed to Chairman. On December 7, 2018, Mr. Pizarro's designation was changed from Chairman of the Board to President and Chief Executive Officer.</i></p> <p><i>Walter W. Brown**, Filipino, 79, is Director and Chairman of A Brown Company, Inc. Prior to his re-election in December 2018 as Chairman of the Company, he was conferred as Chairman Emeritus in September 2016. He is also the Chairman of A Brown Energy & Resources Development Inc., Palm Thermal Consolidated Holdings Corporation, Peak Power Energy Inc. and Monte Oro Resources and Energy, Inc. He is the President and CEO of Apex Mining Co., Inc., a company listed in the Philippine Stock Exchange.</i></p> <p><i>He received two undergraduate degrees: B.S. Physical Science (1959) and B.S. Geology (1960), both from the University of the Philippines, and postgraduate degrees from Stanford University: M.S. Economic Geology (1963), and Ph.D. in Geology, Major in Geochemistry (1965). He was also a candidate in Master of Business Economics (1980) from the University of Asia & Pacific (formerly Center for Research & Communications).</i></p> <p><i>He was formerly associated with the following companies as Chairman or as President or Director: Atok Big Wedge Co, Inc., Philex Mining</i></p>	
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Recommendation 2.4

<p>1. Board ensures and adopts an effective succession planning program for directors, key officers and management.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation</p>	
<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>NON-COMPLIANT</p>	<p><i>The Board is responsible for adopting an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholders' value. This includes adopting a policy on the retirement age of key officers as part of management succession and to promote dynamism in in the Company.</i></p> <p><i>According to the Company's Revised Manual on Corporate Governance, the Board of Directors has to implement a process for the selection of a mix and competent directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. It shall appoint competent, professional, honest and highly-motivated management officers. It shall adopt a professional development program for employees and effective succession planning program for senior management.</i></p> <p><i>Part of succession plan of the President is the training of the Vice-President of the Company who may also be the President of other subsidiaries. For other key management positions, the list of the assessment of other senior managers and of their potential to succeed to the position is likewise provided. If there are no internal employees who meet the requirements of other key management positions, outside applications will be considered.</i></p>	<p><i>The employees and officers of the Company have a retirement plan where the normal retirement age is 60 and mandatory retirement age is 65.</i></p> <p><i>As to the Board of Directors, considering the Company's policy on Board diversity, the gauge used is the capability of the member to contribute based on his wisdom and experience.</i></p>

Recommendation 2.5

<p>1. Board aligns the remuneration of key officers and board members with long- term interests of the company.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship between remuneration and performance.</p>	
<p>2. Board adopts a policy specifying the relationship between remuneration and performance.</p>	<p>COMPLIANT</p>	<p><i>Revised Manual on Corporate Governance – Item 2.1.2 – Specific Duties and Functions of the Board – [Page 9]</i></p>	
<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	<p>COMPLIANT</p>	<p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>Section 1 of Article V (COMPENSATION) of the company's Amended By-Laws - BONUS: http://www.abrown.ph/wp-content/uploads/2018/05/06_13_2012_Amended-By-Laws-ABCI.pdf</p> <p><i>Revised Manual on Corporate Governance – Item 2.1.2 – Specific Duties and Functions of the Board – [Page 9]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>Section 7 of Article II (BOARD OF DIRECTORS) of the Company's Amended By-Laws – COMPENSATION http://www.abrown.ph/wp-content/uploads/2018/05/06_13_2012_Amended-By-Laws-ABCI.pdf</p>	

Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	COMPLIANT	Provide proof of board approval <i>The Board approves the remuneration of senior executives as recommended by the Remuneration and Compensation Committee. On December 20, 2018, the Remuneration and Compensation Committee was subsumed to the Corporate Governance Committee.</i>	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	COMPLIANT	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company. <i>The Company grants bonuses upon the recommendation of the Remuneration and Compensation Committee, now under Corporate Governance Committee based on the Company's performance. This serves as an encouragement for them to perform well in the long-term.</i>	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders. <i>Revised Manual on Corporate Governance – Item 2.3 – Nomination and Election of Board of Directors – [Page 13]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT		
4. Board nomination and election policy includes how	COMPLIANT		

<p>he board shortlists candidates.</p>			
<p>5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p>	<p>COMPLIANT</p>	<p>Provide proof if minority shareholders have a right to nominate candidates to the board</p> <p><i>Revised Manual on Corporate Governance – Annex A (Nominee Committee Charter – Guidelines – IV.8.i) [Page 38]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>COMPLIANT</p>	<p><i>Policy on Shortlists Candidates</i> <i>Revised Manual on Corporate Governance – Annex A (Nominee Committee Charter – Guidelines – IV.8.ii) [Page 38]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</p> <p><i>The Board should disclose in this Manual a formal and transparent board nomination and election policy that shall include how it accepts nominations from minority shareholders and reviews nominated candidates. This policy shall also include an assessment of the effectiveness of the Board's processes and procedures in the nomination, election, or replacement of a director. In addition, its process of identifying the quality of directors shall be aligned with the strategic direction of the Company.</i></p>	

		<p>Revised Manual on Corporate Governance – Item 2.3 – Nomination and Election of Board of Directors – [Page 13] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>Revised Manual on Corporate Governance – Annex A (Nominee Committee Charter – Guidelines – IV.8.i) [Page 38] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
Optional: Recommendation to 2.6			
<p>1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.</p>	NON-COMPLIANT	Identify the professional search firm used or other external sources of candidate	<p><i>The Company only resorts to the use of professional search firms or other external sources of candidates when the need arises as determined by the Nomination Committee, now under the Corporate Governance Committee. The said Committee, having sufficient network to search for qualified candidates, did not deem its use necessary for 2018.</i></p> <p><i>Also, the independent directors were nominated by the stockholders in accordance with the By-Laws and Manual on Corporate Governance.</i></p>
Recommendation 2.7			
<p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system</p>	COMPLIANT	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on	

governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.		<p>review and approval of significant RPTs</p> <p><i>Revised Manual on Corporate Governance – Item 2.1.2 – Specific Duties and Functions of the Board – [Page 9-10]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p><i>Related Party Transaction Committee Charter (Annex H of the Manual on Corporate Governance)</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	<p>Identify transactions that were approved pursuant to the policy.</p> <p><i>2018 SEC Form 17-A (Annual Report) - 2018 Audited Consolidated Financial Statements of A Brown Co., Inc. - Exhibit VII (Note 15 – Related Party Transactions) – [Page 42]</i> https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	<p>https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered de minimis or transactions that need not be reported or announced, those that need to be disclosed,	COMPLIANT	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Provide information on RPT categories</p> <p><i>All related party transactions which are considered usual course of business and are substantially the same terms as those prevailing</i></p>	

<p>and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<p><i>at the time for comparable products or services with unrelated parties are exempted or may not be reviewed by the Related Party Transactions Committee (prior to the June 28, 2018 Organizational Meeting, related party transactions are reviewed and approved by Audit Committee) except when the transaction is 5% of the total assets of the Parent Company which needs the review of the Committee.</i></p> <p><i>Revised Manual on Corporate Governance – Annex H (Related Party Transaction Committee Charter – I-Purpose) [Page 59]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p><i>Related Party Transaction Policy</i> http://www.abrown.ph/wp-content/uploads/2014/07/Related-Party-Transaction-Policy.pdf</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>COMPLIANT</p>	<p>Provide information on voting system, if any.</p> <p><i>All Board-approved material RPTs may be subject to ratification by a vote of shareholders owning at least majority of the outstanding shares.</i></p>	
<p>Recommendation 2.8</p>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p><i>Revised Manual on Corporate Governance – Item 2.1.2 – Specific Duties and Functions of the Board – [Page 10]</i></p>	

		<p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>Identity the Management team appointed</p> <p>Chief Executive Officer (CEO) – Roel Z. Castro (until November 30, 2018)</p> <p>Chief Executive Officer (CEO) – Robertino E. Pizarro (elected on December 7, 2018)</p> <p>Chief Risk Officer (CRO) – Unit Heads are designated as risk managers of its own unit</p> <p>Compliance Officer – Allan Ace R. Magdaluyo</p> <p>Chief Audit Executive – No Chief Audit Executive (Outsourced from Bacong Patriana & Company with Lindy C. Patriana, Managing Partner)</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. Manual on Corporate Governance: http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf; and 2. Board Charter http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p>	

		<i>The Board in the month prior to the Annual Stockholders' Meeting conducts an assessment of the CEO and heads of other control functions.</i>	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel. <i>Please refer to Annex A for the Company's Performance Management Policy.</i>	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT	<i>Please see attached Annex B for the Certification issued by the CEO as well as the internal auditor.</i>	
3. Board approves the Internal Audit Charter.	COMPLIANT	Provide reference or link to the company's Internal Audit Charter <i>The Audit Committee has approved on 07 December 2017 the Internal Audit Charter. On 5 April 2018, the Board of Directors approved the said Internal Audit Charter.</i>	

		<p><i>Internal Audit Charter</i> https://www.abrown.ph/wp-content/uploads/2019/05/Internal-Audit-Charter_Final1.pdf</p>	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	<p>Provide proof of effectiveness of risk management strategies, if any.</p> <p><i>Please refer to the Company's Risk Management System Policy.</i> http://www.abrown.ph/wp-content/uploads/2014/07/Risk-Management-System.pdf</p> <p><i>Please see attached Annex C for the Certification of the Internal Auditor attesting that there were no fraudulent transactions during the conduct of the audit.</i></p>	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	<p>Provide link to the company's website where the Board Charter is disclosed.</p> <p><i>SEC ACGR (Annual Corporate Governance Report) – Board of Directors' Charter</i> http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf</p>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		

3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	<p>Provide information on or link/reference to a document showing company's insider trading policy.</p> <p><i>Revised Manual on Corporate Governance – Annex K – Insider Trading Policy – [Page 72-80]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p><i>Company Policies – Insider Trading</i> http://www.abrown.ph/wp-content/uploads/2014/12/Insider-Trading-Policy.pdf</p>	

Optional: Principle 2			
<p>1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.</p> <p><i>The Company does not grant loans to its directors.</i></p>	
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>COMPLIANT</p>	<p>Indicate the types of decision requiring board of directors' approval and where they are disclosed.</p> <p><i>Material transactions are approved by the Board. Please refer to the following disclosures submitted to the SEC and PSE:</i></p> <p>http://www.abrown.ph/investor-relation-tax/disclosures/</p> <p><i>Material transactions are defined in the Company's Insider Trading Policy:</i></p> <p>http://www.abrown.ph/corporate-governance-2/company-policies/</p>	

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Recommendation 3.1

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on all the board committees established by the company.</p> <p><i>Revised Manual on Corporate Governance – Item 3.1 – Establishing Board Committees – [Page 14-17]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
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Recommendation 3.2

<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p> <p><i>Revised Manual on Corporate Governance – Item 3.1.3 – Audit Committee – [Page 15]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p><i>Revised Manual on Corporate Governance – Annex C – Audit Committee Charter – IV (1) – [Page 45]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
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		<i>The Audit Committee has the duty to recommend the appointment and removal of the Company's external auditor.</i>	
2. Audit Committee is composed of at least three appropriately qualified non- executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p> <p><i>Results of Organizational Meeting</i> http://www.abrown.ph/wp-content/uploads/2018/07/06_28_2018_Results-of-Organizational-Meeting-1.pdf</p> <p><i>SEC Form 20-IS (Definitive) – [Page 12,13,14]</i> http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf</p> <p><i>Audit Committee Members:</i> <i>Elpidio M. Paras – Chair/Independent Director</i> <i>Thomas G. Aquino – Independent Director</i> <i>Antonio S. Soriano – Non-executive Director</i></p> <p><i>The existing composition of Audit Committee is three (3) members, all of whom are non-executive directors, two (2) are independent directors.</i></p>	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.	

		<p>SEC Form 20-IS (Definitive) – [Page 12,13,14] SEC Form 20-IS (Definitive) – Certification of Independent Directors [Page 25-27] http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf</p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p> <p>Results of Organizational Meeting http://www.abrown.ph/wp-content/uploads/2018/07/06_28_2018_Results-of-Organizational-Meeting-1.pdf</p> <p>SEC Form 20-IS (Definitive) – [Page 12] SEC Form 20-IS (Definitive) – Certification of Independent Directors [Page 25-27] http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf</p>	<p>As there are only 2 independent directors, their functions in Board-Level Committees are distributed fairly among them.</p> <p>The Company is committed in its search for nominees for Independent Directors in order to comply with the recommendations of the Code of Corporate Governance.</p>
Supplement to Recommendation 3.2			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>COMPLIANT</p>	<p>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</p> <p>Revised Manual on Corporate Governance – Annex C – Audit Committee Charter – IV (3) – [Page 46] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team</p>	<p>COMPLIANT</p>	<p>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management</p>	

without anyone from management present.		present. <i>The Audit Committee conducted regular meetings and dialogues with the external audit team, at times with and at times without anyone from management present, to discuss the veracity of financial records and reports for the year. This is being regularly done before the Audited Financial Statements are approved and disclosed to the public.</i>	
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Optional: Recommendation 3.2

1. Audit Committee meet at least four times during the year.	NON-COMPLIANT	Indicate the number of Audit Committee meetings during the year and provide proof <i>There were two (2) meetings conducted in 2018: (i) April 5 and (ii) December 20.</i>	<i>Due to conflicts in schedule of the Members of the Audit Committee, only two (2) of the scheduled four (4) meetings materialized. Note that the Schedule of Board and Committee meetings for the ensuing year is determined at the end of every year.</i>
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	Provide proof that the Audit Committee approved the appointment and removal of the internal auditor. <i>Revised Manual on Corporate Governance – Annex C – Audit Committee Charter – IV (9) and (10) – [Page 48] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</i>	

Recommendation 3.3

1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of	COMPLIANT	Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions	
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<p>its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>		<p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p> <p><i>On June 28, 2018 Organizational Meeting, the Board has included the functions of Nomination Committee to the Corporate Governance Committee.</i></p> <p><i>On December 20, 2018 Re-organizational Meeting, the Board likewise included the functions of Compensation Committee to the Corporate Governance Committee.</i></p> <p><i>Results of Re-Organizational Meeting</i> https://www.abrown.ph/wp-content/uploads/2018/12/12_20_2018_SEC-17-C-Form_Appointment-of-New-Officers-and-Re-organizational-Meeting-revised.pdf</p> <p><i>Revised Manual on Corporate Governance – – Item 3.1.5 – Corporate Governance Committee – [Page 15] Annex E – Corporate Governance Committee Charter – [Page 54-55]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p> <p><i>SEC Form 20-IS (Definitive) – [Page 11, 12 and 13] SEC Form 20-IS (Definitive) – Certification of Independent Directors [Page 25-27]</i></p>	<p><i>The required composition of the Committee shall be complied with upon the election of an additional independent director. Nevertheless, the Company is still in compliance with the minimum requirement of the</i></p>

		http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf Corporate Governance Committee Members: Elpidio M. Paras – Chair/Independent Director Thomas G. Aquino – Independent Director Annabelle P. Brown – Non-executive Director Robertino E. Pizarro – Executive Director	Securities and Regulations Code.
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee. Results of Re-Organizational Meeting https://www.abrown.ph/wp-content/uploads/2018/12/12_20_2018_SEC-17-C-Form_Appointment-of-New-Officers-and-Re-organizational-Meeting-revised.pdf SEC Form 20-IS (Definitive) – [Page 12] SEC Form 20-IS (Definitive) – Certification of Independent Directors [Page 25-27] http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof. Corporate Governance Meetings were conducted thrice (November 28; December 7 and December 20) during the year.	

Recommendation 3.4

<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p> <p><i>Revised Manual on Corporate Governance – – Item 3.1.4 – Risk Oversight Committee – [Page 16] Annex D – Risk Oversight Committee Charter – [Page 51-53]</i></p> <p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p> <p><i>Results of Re-Organizational Meeting</i></p> <p>https://www.abrown.ph/wp-content/uploads/2018/12/12_20_2018_SEC-17-C-Form_Appointment-of-New-Officers-and-Re-organizational-Meeting-revised.pdf</p> <p><i>SEC Form 20-IS (Definitive) – [Page 12,13,14]</i></p> <p>http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf</p> <p>Risk Oversight Committee Members: Thomas G. Aquino - Chair/Independent Director Elpidio M. Paras – Independent Director Antonio S. Soriano – Non-executive Director</p>	

<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the BROC</p> <p><i>Results of Re-Organizational Meeting</i> https://www.abrown.ph/wp-content/uploads/2018/12/12_20_2018_SEC-17-C-Form_Appointment-of-New-Officers-and-Re-organizational-Meeting-revised.pdf</p> <p><i>SEC Form 20-IS (Definitive) – [Page 12-13]</i> <i>SEC Form 20-IS (Definitive) – Certification of Independent Directors [Page 27]</i> http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf</p>	<p><i>As there are only two (2) independent directors, their functions in Board-Level Committees are distributed fairly among them.</i></p> <p><i>The Company is committed in its search for nominees for Independent Directors in order to comply with the recommendations of the Code of Corporate Governance.</i></p>
<p>4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROC.</p> <p><i>SEC Form 20-IS (Definitive) – [Page 12,13,14]</i> <i>SEC Form 20-IS (Definitive) – Certification of Independent Directors [Page 25-27]</i> http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf</p>	
<p>Recommendation 3.5</p>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p> <p><i>Revised Manual on Corporate Governance –</i> <i>– Item 3.1.8 – Related Party Transaction Committee – [Page 17]</i> <i>Annex H – Related Party Transactions Committee Charter – [Page 59-61]</i> http://www.abrown.ph/wp-</p>	

		content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</p> <p><i>Results of Organizational Meeting</i> http://www.abrown.ph/wp-content/uploads/2018/07/06_28_2018_Results-of-Organizational-Meeting-1.pdf</p> <p><i>Related Party Transactions Committee Members:</i> Thomas G. Aquino – Chair/Independent Director Elpidio M. Paras – Independent Director Joselito H. Sibayan – Non-executive Director</p>	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	<p>Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes</p> <p><i>Revised Manual on Corporate Governance – Item 3.1 – Establishing Board Committees – [Page 14-17]</i> <i>Annexes A to H – [Page 37-61]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT	<p><i>Board Committee Charters</i> http://www.abrown.ph/wp-content/uploads/2014/12/Board-Committee-Charters.pdf</p>	
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	<p>Provide link to company's website where the Committee Charters are disclosed.</p> <p><i>Board Committee Charters</i> http://www.abrown.ph/wp-content/uploads/2014/12/Board-Committee-Charters.pdf</p>	

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

Recommendation 4.1

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p><i>The Members of the Board of Directors prefer to attend the meeting personally instead of tele-/videoconferencing. In cases where the member elects to be present via teleconference, the Company abides by the rules of the SEC on meetings via teleconference.</i></p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p><i>Board of Directors' Charter – Section 5.1.1 – Attendance and Active Participation in Meetings</i> http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf</p> <p><i>2018 SEC Form 17-A (Annual Report) – Part V (Item 13)(d)[Page 77-78] for Board Meetings</i> https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p> <p><i>The Corporate Secretary affirms the attendance of Directors to Board, Committee and shareholders' meetings.</i></p>	

<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</p> <p><i>The Directors ask the necessary questions or seek clarifications and explanation during Board and Committee meetings. The Company prefers not to disclose the Minutes of the Meetings considering that they contain proprietary material.</i></p>	
<p>Recommendation 4.2</p>			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>COMPLIANT</p>	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies.</p> <p><i>Board of Directors' Charter – Section 5.1.2.2 – Multiple Board Seats</i> http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf</p> <p><i>2018 SEC Form 17-A (Annual Report) – Part IV (Item 9)(a)[Page 66-70]</i> https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p> <p><i>As of December 31, 2018, six (6) of the nine directors, four (4) of whom are non-executive directors, have been servicing only one listed company. The remaining three (3) directors are servicing three (3) listed companies.</i></p>	

		<p><i>Directorship in Listed Companies:</i></p> <p><i>Walter W. Brown – Three (ABCI, Apex Mining Co. Inc., Atok-Big Wedge)</i></p> <p><i>Annabelle P. Brown – One (ABCI)</i></p> <p><i>Robertino E. Pizarro – One (ABCI)</i></p> <p><i>Roel Z. Castro – One (ABCI)</i></p> <p><i>Antonio S. Soriano – One (ABCI)</i></p> <p><i>Elpidio M. Paras – One (ABCI)</i></p> <p><i>Thomas G. Aquino – Three (ABCI; Now Corp; Alsons Consolidated Resources, Inc.)</i></p> <p><i>Joselito H. Sibayan – Three (ABCI; Apex Mining Co. Inc. and SM Prime Holdings, Inc.)</i></p> <p><i>Joel A. Bañares – One (ABCI)</i></p>	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	<p>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p> <p><i>There are no new directorships accepted by the directors in other companies.</i></p>	
Optional Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT	<i>No executive directors are serving more than two boards of listed companies outside of the group.</i>	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	<i>The Company schedules its Board and Committee Meetings before the start of the year.</i>	
3. Board of directors meet at least six times during the year.	COMPLIANT	Indicate the number of board meetings during the year and provide proof	

		<p>2018 SEC Form 17-A (Annual Report) – Part V (Item 13)(d)[Page 77-78] for Board Meetings https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>	
<p>4. Company requires as minimum quorum of at least 2/3 for board decisions.</p>	<p>NON-COMPLIANT</p>	<p>Indicate the required minimum quorum for board decisions</p> <p>Section 3, Article II of Company's By-Laws provides that a majority of the whole number of directors shall constitute a quorum. http://www.abrown.ph/wp-content/uploads/2018/05/06_13_2012_Amended-By-Laws-ABCI.pdf</p> <p>Board of Directors' Charter – Section 4.2.1 – Quorum http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf</p>	<p><i>The Corporation's By-Laws is aligned with the Corporation Code with regard to the quorum requirement. In 2018, at least 2/3 of the Board members were present during the Meetings.</i></p>

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the number of independent directors in the board</p> <p>Revised Manual on Corporate Governance – Item 1.1.1 – Board Composition – [Page 5] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	<p><i>The Company is compliant with the minimum requirement of SRC Rule 38.7.1 with regard to number of independent directors. Even if there were only two (2) independent directors, they can still deliver perspectives on issues that need independent views and decisions.</i></p> <p><i>The recommended composition of the Board of Directors will be complied with as soon as an additional independent director has been appointed by the Company.</i></p>
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Recommendation 5.2

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p> <p>SEC Form 20-IS (Definitive) – [Page 12-13] SEC Form 20-IS (Definitive) – Certification of Independent Directors [Page 25-27] http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf</p>	
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Supplement to Recommendation 5.2			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to a document containing information that directors are not constrained to vote independently.</p> <p><i>There are no shareholder agreements, by-laws provisions or other arrangements that constrain the directors' ability to vote independently.</i></p> <p>http://www.abrown.ph/wp-content/uploads/2018/05/06_13_2012_Amended-By-Laws-ABCI.pdf</p>	
Recommendation 5.3			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p> <p><i>Board of Directors' Charter – Section 5.2.1.3 – Independent Directors</i></p> <p>http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf</p> <p><i>SEC Form 20-IS (Definitive) – [Page 12-13]</i> <i>SEC Form 20-IS (Definitive) – Certification of Independent Directors [Page 25-27]</i></p> <p>http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf</p>	

<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director</p> <p><i>Board of Directors' Charter – Section 5.2.1.3 – Independent Directors</i> http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf</p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>COMPLIANT</p>	<p>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p> <p><i>Board of Directors' Charter – Section 5.2.1.3 – Independent Directors</i> http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf</p>	
<p>Recommendation 5.4</p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>COMPLIANT</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer</p> <p><i>Results of Organizational Meeting</i> http://www.abrown.ph/wp-content/uploads/2018/07/06_28_2018_Results-of-Organizational-Meeting-1.pdf</p> <p><i>Robertino E. Pizarro – Chairman</i> <i>Roel Z. Castro – President and Chief Executive Officer</i></p> <p><i>Upon the resignation of Mr. Roel Z. Castro effective November 30, 2018, the Board of Directors elected the new Chairman and President and Chief Executive Officer on December 7, 2018.</i></p>	

		<p><i>Election of Officers (Chairman and President and Chief Executive Officer)</i> https://www.abrown.ph/wp-content/uploads/2018/12/12_07_2018_Change-in-Directors-and-or-Officers-WWB-as-Chairman-and-REP-as-President-CEO.pdf</p> <p>Walter W. Brown – Chairman Robertino E. Pizarro – President and Chief Executive Officer</p>	
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<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Identify the relationship of Chairman and CEO.</p> <p><i>Board of Directors' Charter</i> – Section 3.2 – Chairman of the Board – Section 5.2.3 – Chief Executive Officer http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf</p> <p><i>The Chairman and the President and Chief Executive Officer are brothers-in-law.</i></p>	
Recommendation 5.5			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p><i>Board of Directors' Charter</i> – Section 5.2.2 – Lead Director http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf</p> <p><i>Results of Organizational Meeting</i> http://www.abrown.ph/wp-content/uploads/2018/07/06_28_2018_Results-of-Organizational-Meeting-1.pdf</p> <p>Indicate if Chairman is independent.</p> <p><i>The Chairman is not an independent director.</i></p>	

Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	Provide proof of abstention, if this was the case <i>Board of Directors' Charter – Section 5.2.4 – Directors with Material Interest On Related Party Transactions</i> http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	COMPLIANT	Provide proof and details of said meeting, if any. Provide information on the frequency and attendees of meetings. <i>The meeting is held at least once a year.</i>	
2. The meetings are chaired by the lead independent director.	COMPLIANT	<i>For 2018, the non-executive directors' meeting was held on December 20, 2018. Please see Annex E.</i>	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	NON-COMPLIANT	Provide name/s of company CEO for the past 2 years <i>Walter W. Brown – December 2011 to September 2016 (Executive Chairman) Robertino E. Pizarro – September 2016 to March 2017 (Executive Chairman) Roel Z. Castro – March 2017 to November 2018</i> <i>Upon the resignation of Mr. Roel Z. Castro effective November 30, 2018, Walter W. Brown was elected as Chairman and Robertino E. Pizarro as President and Chief Executive Officer on December 7, 2018.</i>	<i>Dr. Walter Brown was the Executive Chairman of the Company from 2011 to September 2016, while Mr. Robertino Pizarro was the Executive Chairman from September 2016 to March 2017. They remain as members of the Board to serve as resource persons for the new set of officers and directors.</i>

Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT	<i>Board of Directors' Charter – Section 6.1 – Performance Evaluation of the Board 6.1. The Board should conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members and committees. As it deemed practicable, the assessment with the use of an external facilitator such as consulting firm, academic institution or professional organization may be conducted every three (3) years.</i>	
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT		Identify the external facilitator and provide proof of use of an external facilitator.

Recommendation 6.2

<p>1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders</p>	
<p>2. The system allows for a feedback mechanism from the shareholders.</p>	<p>COMPLIANT</p>	<p><i>The Manual on Corporate Governance and the Corporate Governance Committee Charter serve as the minimum criteria in determining the performance of the Board, individual directors and committees.</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>Board of Directors' Charter – Section 6.1 – Performance Evaluation of the Board</p> <p><i>The investor relations program of the Company allows feedback mechanisms.</i> http://www.abrown.ph/investor-relations-program/</p>	

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1

<p>1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</p> <p><i>Please refer to Company's Code of conduct:</i> http://www.abrown.ph/wp-content/uploads/2014/12/Code-Of-Conduct.pdf</p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>COMPLIANT</p>	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p> <p><i>The Company's Code of Conduct is distributed to all employees upon hiring. Upon the approval of amendments to the Code, the Human Resources Departments organizes a meeting for managers and supervisors to inform them of such amendments. The line managers and supervisors of each department or division is tasked to disseminate the amendments to Code to their respective constituents.</i></p> <p><i>Please refer to the Guidelines for Implementation, Section B of the Company's Code of Conduct:</i> http://www.abrown.ph/wp-content/uploads/2014/12/Code-Of-Conduct.pdf</p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>COMPLIANT</p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</p>	

		Please refer to Company's Code of Conduct in the Company's website: http://www.abrown.ph/wp-content/uploads/2014/12/Code-Of-Conduct.pdf	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery Code of Conduct Article III - (Section 4 to 7) http://www.abrown.ph/wp-content/uploads/2014/12/Code-Of-Conduct.pdf	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT	<i>The Company formed a Corporate Culture and Values Formation Committee to instill on and develop corporate values. On December 20, 2018, its functions are under the Corporate Governance Committee.</i> Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance. <i>The Code of Conduct applies to all employees of the Company. Please refer to the Scope of the Code of Conduct: http://www.abrown.ph/wp-content/uploads/2014/12/Code-Of-Conduct.pdf</i>	

Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

<p>1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</p> <p><i>Corporate disclosures policies and procedures shall be in place to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders to give a fair and complete picture of the Company's financial condition, results, and business operations.</i></p> <p><i>Revised Manual on Corporate Governance – Item 8 – Enhancing Company Disclosure Policies and Procedures – [Page 21-23]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p><i>The required reports and disclosures are prepared and submitted to the SEC and PSE by the responsible Committee or officer through the Compliance Officer.</i></p> <p><i>Please refer to the Company's website:</i> http://www.abrown.ph/investor-relations-sec-pse-filings/</p>	
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Supplement to Recommendations 8.1													
<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty- five (45) days from the end of the reporting period.</p>	NON-COMPLIANT	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p> <table border="1" data-bbox="976 352 1514 544"> <thead> <tr> <th>Report</th> <th>No. of Days</th> </tr> </thead> <tbody> <tr> <td>2018 Annual Report</td> <td>120</td> </tr> <tr> <td>2018 1st Quarter Report</td> <td>47</td> </tr> <tr> <td>2018 2nd Quarter Report</td> <td>48</td> </tr> <tr> <td>2018 3rd Quarter Report</td> <td>47</td> </tr> </tbody> </table>	Report	No. of Days	2018 Annual Report	120	2018 1st Quarter Report	47	2018 2nd Quarter Report	48	2018 3rd Quarter Report	47	<p>While the Company was unable to submit the Annual and Quarterly in 2018 reports within the recommended period, the Company was compliant with the periods set in the Securities Regulation Code and its Implementing Rules and Regulations.</p>
Report	No. of Days												
2018 Annual Report	120												
2018 1st Quarter Report	47												
2018 2nd Quarter Report	48												
2018 3rd Quarter Report	47												
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	COMPLIANT	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> 1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders; 2. cross-holdings among company affiliates; and 3. any imbalances between the controlling shareholders' voting power and overall equity position in the company. <p>Please refer to the page 29 of the Company's 2018 Annual Report submitted to the Commission on April 30, 2019: https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>											
Recommendation 8.2													
<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	COMPLIANT	<p>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share. Please refer to the following:</p> <ol style="list-style-type: none"> 1. Section 5.4.2. of the Company's Board Charter: 											

<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>COMPLIANT</p>	<p>http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf; and</p> <p>2. Insider Trading Policy: http://www.abrown.ph/wp-content/uploads/2014/12/Insider-Trading-Policy.pdf</p> <p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p> <p>Initial/Changes in Beneficial Ownership: http://www.abrown.ph/investor-relation-tax/shareholding-structure/changes-in-beneficial-ownership/</p>	
Supplement to Recommendation 8.2			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Initial/Changes in Beneficial Ownership: http://www.abrown.ph/investor-relation-tax/shareholding-structure/changes-in-beneficial-ownership/</p> <p>Please refer to the Top 100 shareholders of the Company as of 31 December 2018: https://www.abrown.ph/wp-content/uploads/2019/01/12_31_2018_Quarterly-Top-100-Stockholders.pdf</p> <p>Provide link or reference to the company's Conglomerate Map.</p>	

		The Conglomerate Map of the company may be accessed at: http://www.abrown.ph/wp-content/uploads/2013/11/Conglomerate-Map.pdf	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	<p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. Section 3.1.2 of the Company's Board Charter: http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf; and 2. Directors' Profiles: http://www.abrown.ph/our-company/board-of-directors/; and 3. 2018 SEC Form 17-A (Annual Report) – Part IV (Item 9)(a)[Page 66-70] for Qualifications; Membership in Other Boards and Experiences: https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf 4. 2018 SEC Form 17-A (Annual Report) – Part IV (Item 11)(b)[Page 76] for Share Ownership in the Company: https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf 	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of	COMPLIANT	Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.	

<p>interest that might affect their judgment.</p>		<p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. Section 3.1.2 of the Company's Board Charter: http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf; and 2. Officers' Profiles: http://www.abrown.ph/our-company/board-of-directors/; and 3. 2018 SEC Form 17-A (Annual Report) – Part IV (Item 9)(a)[Page 70-73] for Qualifications; Membership in Other Boards and Experiences – Key Officers: https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf 	
Recommendation 8.4			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p> <p>Please refer to Section 2.4 of the Company's Board Charter: http://www.abrown.ph/wp-content/uploads/2017/12/12_22_2017_Board-of-Directors-Charter-1.pdf</p>	
<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</p> <p><i>Policy-making relevant to compensation is first studied by the Human Resources Department. It shall then present the same to the Compensation and Remuneration Committee for recommendation to the Board. The policy or revisions thereto are then approved by the Board only upon the recommendation of the Compensation and Remuneration Committee.</i></p>	

		<p>Please refer to the Charter of the said Committee: http://www.abrown.ph/wp-content/uploads/2014/12/Board-Committee-Charter.pdf</p> <p>2018 SEC Form 17-A (Annual Report) – Part IV (Item 10)[Page 74] for Executive Compensation: https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>NON-COMPLIANT</p>	<p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p>	<p><i>The Company strives to ensure that it provides appropriate and fair wages for its employees in an effort to retain, motivate and provide maximum benefit for them. Wages and other forms of compensation are determined based on a large number of factors, which may not be immediately apparent to every employee (e.g. performance reviews, years of experience, years worked at the Company etc.). Thus, it is the policy of the Company to establish the importance of discretion and confidentiality in terms of salary information.</i></p> <p><i>For the purposes of transparency, however,</i></p>

			the Company, has disclosed the aggregate amount of remuneration of its top Management.
Recommendation 8.5			
1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	<p>Disclose or provide reference/link to company's RPT policies</p> <p>Please refer to the Company's RPT Policy: http://www.abrown.ph/wp-content/uploads/2014/07/Related-Party-Transaction-Policy.pdf</p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> 1. name of the related counterparty; 2. relationship with the party; 3. transaction date; 4. type/nature of transaction; 5. amount or contract price; 6. terms of the transaction; 7. rationale for entering into the transaction; 8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and 9. other terms and conditions <p>Please refer to Item 12, Page 76 of the Company's 2018 SEC Form 17-A (Annual Report) and Note 15 of Exhibit VII – Audited Consolidated Financial Statements:</p>	

		https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	Indicate where and when directors disclose their interests in transactions or any other conflict of interests. <i>The Directors fully disclose their interest in transaction or any other conflict of interest immediately and do not participate in the decision-making process.</i>	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT	Provide link or reference where this is disclosed, if any <i>Please refer to page 26 of the Company's 2018 Annual Report and Note 15 of Exhibit VII – Audited Consolidated Financial Statements:</i> https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	Provide link or reference where this is disclosed <i>Please refer to the Company's disclosures:</i> http://www.abrown.ph/investor-relations-sec-pse-filings/	

<p>2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.</p>	<p>COMPLIANT</p>	<p>Identify independent party appointed to evaluate the fairness of the transaction price.</p> <p><i>For valuation of real estate assets subject for sale, the Company engaged Cuervo Appraisers, Inc., a professional appraiser to determine market value.</i></p> <p><i>As regards the conversion of debt to equity as approved by the Board of Directors on 12 October 2017, the Company engaged Navarro Amper & Co. to determine the fairness of the conversion price.</i></p> <p>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</p>	
<p>Supplement to Recommendation 8.6</p>			
<p>1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</p>	<p>COMPLIANT</p>	<p>Provide link or reference where these are disclosed.</p> <p><i>There are no shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.</i></p>	
<p>Recommendation 8.7</p>			
<p>1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).</p>	<p>COMPLIANT</p>	<p>Provide link to the company's website where the Manual on Corporate Governance is posted.</p> <p><i>Access the Company's Revised Manual on Corporate Governance here:</i></p>	
<p>2. Company's MCG is submitted to the SEC and PSE.</p>	<p>COMPLIANT</p>	<p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
<p>3. Company's MCG is posted on its company website.</p>	<p>COMPLIANT</p>	<p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	

Supplement to Recommendation 8.7

<p>1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.</p>	<p>COMPLIANT</p>	<p>Provide proof of submission.</p> <p>Access the Company's Revised Manual on Corporate Governance here: http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>The SEC received the Revised Manual on Corporate Governance on May 31, 2017 as indicated on Table of Contents (Page 1).</p> <p>PSE Edge Submission under PSE Disclosure Form 17-18 – Other SEC Forms/Reports/Requirements as CR04115-2017</p> <p>http://edge.pse.com.ph/openDiscViewer.do?edge_no=34d152a620d88b9a3318251c9257320d#sthash.2alj0kmM.dpbs</p>	
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Optional: Principle 8

1. Does the company's Annual Report disclose the following information:		Provide link or reference to the company's Annual Report containing the said information.																	
a. Corporate Objectives	COMPLIANT																		
b. Financial performance indicators	COMPLIANT	<p>Please refer to the 2018 SEC Form 17- A (Annual Report) of the Company: https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p> <table border="1" data-bbox="1193 464 1476 874"> <thead> <tr> <th>Item</th> <th>Page No.</th> </tr> </thead> <tbody> <tr> <td>a.</td> <td>54; 56; 58; 60; 61</td> </tr> <tr> <td>b.</td> <td>91</td> </tr> <tr> <td>c.</td> <td>10; 11;13-14; 21-24</td> </tr> <tr> <td>d.</td> <td>33</td> </tr> <tr> <td>e.</td> <td>66-70</td> </tr> <tr> <td>f.</td> <td>78</td> </tr> <tr> <td>g.</td> <td>-</td> </tr> </tbody> </table>	Item	Page No.	a.	54; 56; 58; 60; 61	b.	91	c.	10; 11;13-14; 21-24	d.	33	e.	66-70	f.	78	g.	-	
Item	Page No.																		
a.	54; 56; 58; 60; 61																		
b.	91																		
c.	10; 11;13-14; 21-24																		
d.	33																		
e.	66-70																		
f.	78																		
g.	-																		
c. Non-financial performance indicators	COMPLIANT																		
d. Dividend Policy	COMPLIANT																		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT																		
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT																		
g. Total remuneration of each member of the board of directors	NON-COMPLIANT	<p>Please see attached Annex D for the attendance of Directors in meetings of the Board.</p>	<p>The Company strives to ensure that it provides appropriate and fair wages for its employees in an effort to retain, motivate and provide maximum benefit for them. Wages and other forms of compensation are determined based on a large number of factors, which may not be immediately apparent to every employee (e.g. performance reviews, years of experience, years worked at the Company etc.). Thus, it is the policy of the Company to establish the importance of discretion and</p>																

			<p>confidentiality in terms of salary information. For the purposes of transparency, however, the Company, has disclosed the aggregate amount of remuneration of its top Management and per diem of directors.</p>
<p>2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.</p>	<p>NON-COMPLIANT</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>Please refer to page 75 of 2018 Annual Report (SEC Form 17-A) of the Company: https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p> <p>The Company did not fully comply with the all the SEC provisions with the Code of Corporate Governance. The non-compliance of which are identified and discussed here in the Integrated Annual Corporate Governance Report (IACGR).</p>
<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	<p>NON-COMPLIANT</p>	<p>Provide link or reference to where this is contained in the Annual Report</p>	<p>There was no disclosure in the Annual Report/ Annual CG Report about the Board of Directors' conduct of the review of the Company's material controls and risk</p>

			management systems. The review of the effectiveness and soundness of internal controls and risk management systems is delegated to the Audit Committee and Risk Oversight Committee through the Internal Auditor.
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	NON-COMPLIANT	Provide link or reference to where this is contained in the Annual Report	There was no statement from the Board or Audit Committee about the adequacy of the Company's internal controls/risk management systems which was issued and relied upon the report from the independent internal auditor.
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT	Provide link or reference to where this is contained in the Annual Report Please refer to pages 29-30 and 62-64 of 2018 SEC Form 17-A (Annual Report) of the Company and Note 23 of Exhibit VII – Audited Consolidated Financial Statements: https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf	

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</p> <p><i>Please refer to Part IV. 1. of the Audit Committee Charter (attached as Annex C of the Revised Manual on Corporate Governance) on the Appointment, Compensation, Retention, Rotation and Oversight of Independent External Auditor.</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>COMPLIANT</p>	<p>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</p> <p><i>The appointment of Sycip Gorres Velayo & Co. was approved by 67.02% of the stockholders in the Annual Stockholders' Meeting held on 28 June 2018.</i></p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p> <p><i>Change in External Auditor</i> http://www.abrown.ph/wp-content/uploads/2018/05/05_02_2018_SEC-17-C-Form_Change-in-External-Auditor-1.pdf</p>	

Supplement to Recommendation 9.1

<p>1. Company has a policy of rotating the lead audit partner every five years.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.</p> <p><i>Please refer to Part II. 9.1.1. of the Revised Manual on Corporate Governance and Part IV. 1. par. 2 of the Audit Committee Charter.</i></p> <p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>2018 SEC Form 17-A (Annual Report) – Part IV (Item 8)[Page 65] for Changes in Accountants:</p> <p>https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>	
Recommendation 9.2			
<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	<p>COMPLIANT</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p><i>Please refer to Part IV. 1. of the Audit Committee Charter.</i></p> <p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	

<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p><i>Please refer to Part IV. 1. par. 1 of the Audit Committee Charter.</i></p> <p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
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Supplement to Recommendations 9.2

<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p><i>Under Part IV. 1. of the Audit Committee Charter, the Audit Committee is responsible for reviewing and monitoring the suitability and effectiveness on an annual basis to determine whether or not to re-appoint the external auditor.</i></p> <p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to the company's Audit Committee Charter</p> <p><i>Please refer to Part IV. 1. par. 3 of the Audit Committee Charter.</i></p> <p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	

Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	<p>Disclose the nature of non-audit services performed by the external auditor, if any.</p> <p><i>2018 SEC Form 17-A (Annual Report) – Part IV (Item 8)[Page 65] for Changes in Accountants:</i> https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	<p>Provide link or reference to guidelines or policies on non-audit services</p> <p><i>Please refer to Part IV. 3. par. 1 of the Audit Committee Charter.</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	<p>Provide information on audit and non-audit fees paid.</p> <p><i>Audit and Non-Audit Fees</i> <i>2018 SEC Form 17-A (Annual Report) – Part IV (Item 8)[Page 65] for Changes in Accountants:</i> https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>	

Additional Recommendation to Principle 9

<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>COMPLIANT</p>	<p>Provide information on company's external auditor, such as:</p> <ol style="list-style-type: none"> 1. Name of the audit engagement partner; 2. Accreditation number; 3. Date Accredited; 4. Expiry date of accreditation; and 5. Name, address, contact number of the audit firm. <p>John T. Villa <i>SEC Accreditation No. (A.N.) 1729-A (Group A) Accredited on 18 December 2018 Valid until 17 December 2021</i></p> <p>Sycip Gorres Velayo & Co. <i>SEC Accreditation No. (A.N.) 0012-FR-5 (Group A) Accredited on 6 November 2018 Valid until 5 November 2021 6760 Ayala Avenue 1226 Makati City Telephone: (+632) 891-0307 Fax: (+632) 819-0872</i></p>	
<p>2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).</p>	<p>COMPLIANT</p>	<p>Provide information on the following:</p> <ol style="list-style-type: none"> 1. Date it was subjected to SOAR inspection, if subjected; 2. Name of the Audit firm; and 3. Members of the engagement team inspected by the SEC. <p><i>John T. Villa of Sycip Gorres Velayo & Co. has not yet been subjected to SEC Oversight Assurance Review (SOAR) by the SEC.</i></p>	

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p> <p><i>Please refer to Part II. 10. of Revised Manual on Corporate Governance.</i></p> <p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>COMPLIANT</p>	<p>Provide link to Sustainability Report, if any. Disclose the standards used.</p> <p><i>Please refer to the Company's SEC Form 17-A (Annual Report)- Part VI on Corporate Social Responsibility (CSR) activities [Page 79-80]</i></p> <p>https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>	

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>	<p>COMPLIANT</p>	<p>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.</p> <p><i>The Company has an existing official website.</i> http://www.abrown.ph/</p> <p>Press release: https://www.abrown.ph/wp-content/uploads/2019/03/05_16_2018-SEC-17-C-Form_Press-Release_Rosatam-and-ABCI-sign-Project-Development-Agreement_Irradiation-Centres1.pdf</p> <p><i>Disclosure of the Company can also be accessed through the PSE Edge website.</i> http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=13</p>	
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Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	COMPLIANT	Provide link to company website http://www.abrown.ph/investor-relations-sec-pse-filings/ Financial Statements: http://www.abrown.ph/investor-relation-tax/financial-statement/	
a. Financial statements/reports (latest quarterly)	COMPLIANT	Press release: https://www.abrown.ph/wp-content/uploads/2019/03/05_16_2018-SEC-17-C-Form_Press-Release_Rosatom-and-ABCI-sign-Project-Development-Agreement_Irradiation-Centres1.pdf	
b. Materials provided in briefings to analysts and media	COMPLIANT	SEC 17-A (Annual Report) http://www.abrown.ph/investor-relation-tax/financial-statement/sec-17-a-annual-report/	
c. Downloadable annual report	COMPLIANT		
d. Notice of ASM and/or SSM	COMPLIANT	Notice of ASM and/or SSM http://www.abrown.ph/investor-relation-tax/notice-of-annual-or-special-stockholders-meeting/	
e. Minutes of ASM and/or SSM	COMPLIANT		
f. Company's Articles of Incorporation and By-Laws	COMPLIANT	Minutes of ASM and/or SSM http://www.abrown.ph/investor-relation-tax/minutes-of-the-general-or-special-stockholders-meeting/ Articles of Incorporation and By-laws http://www.abrown.ph/our-company/our-company/	

Additional Recommendation to Principle 11

1. Company complies with SEC-prescribed website template.	COMPLIANT	Please refer to Company's website. http://www.abrown.ph/	
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Internal Control System and Risk Management Framework

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

Recommendation 12.1

<p>1. Company has an adequate and effective internal control system in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>List quality service programs for the internal audit functions.</p> <p>Indicate frequency of review of the internal control system</p> <p><i>The Company's Audit Committee through the Internal Audit Department monitors and evaluates the adequacy and effectiveness of the Company's internal control system.</i></p> <p><i>The internal control system is being reviewed periodically at least on annual basis. On a continuing basis, the internal audit team is conducting/attending relevant trainings and seminars (i.e. Corporate Governance topics, internal control).</i></p>	
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<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>Identify international framework used for Enterprise Risk Management</p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> 1. Company's risk management procedures and processes 2. Key risks the company is currently facing 3. How the company manages the key risks <p>Indicate frequency of review of the enterprise risk management framework.</p> <p><i>Please refer to the Company's Risk Management System.</i></p> <p>http://www.abrown.ph/wp-content/uploads/2014/07/Risk-Management-System.pdf</p> <p><i>The Risk Management System of the Company is reviewed by the Directors annually.</i></p>	
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Supplement to Recommendations 12.1

<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/ reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p><i>Please refer to the Company's Risk Management System.</i> http://www.abrown.ph/wp-content/uploads/2014/07/Risk-Management-System.pdf</p> <p><i>Revised Manual on Corporate Governance (Section 8: Enhancing Company Disclosure Policies and Procedures) [Pages 21 -23] (Section 17: Communication Process) [Page 33] (Section 18: Training Process) [Page 33]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>Indicate frequency of review.</p> <p><i>The internal control system is being reviewed periodically at least on annual basis. On a continuing basis, the internal audit team is conducting/attending relevant trainings and seminars (i.e. Corporate Governance topics, internal control).</i></p>	
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Optional: Recommendation 12.1

<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	<p>COMPLIANT</p>	<p>Provide information on IT governance process</p> <p><i>The Company's Data Privacy Manual, which was approved on 5 April 2018, contains provisions on the IT governance process.</i></p>	
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Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm. <i>The Company engages the firm of Baconga Patriana & Company with Lindy C. Patriana as Managing Partner.</i>	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	NON-COMPLIANT	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.	<i>The Company has not appointed a Chief Audit Executive. The Company has engaged the services of Baconga Patriana & Company to conduct its yearly internal audit.</i>
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	NON-COMPLIANT		<i>The Audit Committee oversees the internal audit activities of Baconga Patriana & Co. The Audit Committee ensures that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.</i>
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	Identify qualified independent executive or senior management personnel, if applicable. <i>The company's Chief Finance Officer, Mr. Inaki A. Manipula and the Comptroller, Atty. M. A. Quinito are the overseers of the internal audit activities of Baconga Patriana & Co.</i>	

Recommendation 12.4			
<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	<p>COMPLIANT</p>	<p>Provide information on company's risk management function.</p> <p><i>The Company has a Risk Oversight Committee that oversees its risk management function. The Risk Committee works closely with the Audit Committee and Department Heads to assess risks and employ effective mitigation strategies.</i></p> <p>Revised Manual on Corporate Governance (Annex D – Risk Oversight Committee Charter [Page 51-53] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
Supplement to Recommendation 12.4			
<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	<p>COMPLIANT</p>	<p>Identify source of external technical support, if any.</p> <p><i>The Company may outsource experts to review, upgrade and update the risk management framework and processes based on the changes of business environment.</i></p> <p>Please refer to the following:</p> <ol style="list-style-type: none"> 1. Risk Management System http://www.abrown.ph/wp-content/uploads/2014/07/Risk-Management-System.pdf ; and 2. Revised Manual on Corporate Governance (Annex D – Risk Oversight Committee Charter - V. Outside Advisors) [Page 52] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf 	

Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	NON-COMPLIANT	Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background. <i>Please refer to the Risk Management System of the Company.</i> http://www.abrown.ph/wp-content/uploads/2014/07/Risk-Management-System.pdf	<i>The ERM is mainly implemented by the Company's Chief Financial Officer in cooperation with the heads of the departments. Periodic reports on the ERM are given in the meetings of the Audit and Risk Committee.</i>
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	NON-COMPLIANT		
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	COMPLIANT	Provide link to CEO and CAE's attestation <i>Please see the attached certification by the CEO and Internal Auditor as Annex B.</i>	

Cultivating a Synergic Relationship with Shareholders

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

Recommendation 13.1

<p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.</p> <p><i>Please refer to Part IV. 13.4 of the Revised Manual on Corporate Governance.</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
<p>2. Board ensures that basic shareholder rights are disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>Provide link to company's website</p> <p><i>Revised Manual on Corporate Governance (Section 13.4: Shareholders' Rights) [Page 28-31]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	

Supplement to Recommendation 13.1

<p>1. Company's common share has one vote for one share.</p>	<p>COMPLIANT</p>	<p><i>Section 5 of the Company's Amended By-Laws provides that every stockholder with voting privilege shall be entitled to one vote for each share of stock.</i></p>	
<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>COMPLIANT</p>	<p>Provide information on all classes of shares, including their voting rights if any.</p> <p><i>The Company has only one class of shares. Under Section 5 of the Amended By-Laws, every stockholder with voting privilege shall be entitled to one vote for each share of stock. In the case of election of Directors, stockholders are entitled to cumulative voting.</i></p>	

<p>3. Board has an effective, secure, and efficient voting system.</p>		<p>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</p> <p><i>The Company's Articles of Incorporation and By-Laws are silent as to the voting procedure. However, in practice, the Company's voting system is viva voce.</i></p> <p><i>Please refer to the following:</i></p> <ol style="list-style-type: none"> 1. Revised Manual on Corporate Governance (Section 13.4.1: Voting Rights) [Page 29] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf ; and 2. SEC 20-IS - Definitive Information Statement (Rules of Conduct and Voting Procedures) [Pages 3 & 23] http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-20IS-Definitive_Final-for-SEC-PSE.pdf 	
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<p>4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>COMPLIANT</p>	<p>Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.</p> <p><i>Please refer to the Company's Manual on Corporate Governance: Part IV. 13. of the Revised Manual on Corporate Governance.</i></p> <p>http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p><i>Further, all shareholders, including minority shareholders, have the right to elect, remove, and replace directors. They also have the right to vote on certain corporate acts, as provided under the Corporation Code. For election of directors, the adoption of cumulative voting allows minority shareholders to cumulate their votes to better secure Board seats.</i></p>	
<p>5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>COMPLIANT</p>	<p>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</p> <p><i>This is an inherent right of the shareholder per the Corporation's By-Laws. Please see Company's By-Laws</i></p> <p>http://www.abrown.ph/wp-content/uploads/2018/05/06_13_2012_Amended-By-Laws-ABCI.pdf</p>	

<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to the policies on treatment of minority shareholders</p> <p><i>Please refer to Part IV. 13. of the Revised Manual on Corporate Governance.</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
<p>7. Company has a transparent and specific dividend policy.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's dividend Policy.</p> <p><i>Please refer to the Company's Dividend Policy.</i> http://www.abrown.ph/wp-content/uploads/2013/11/Dividend-Policy-07312014.pdf</p> <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration</p> <p><i>There was no dividend declaration in 2018.</i></p>	

Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	NON-COMPLIANT	Identify the independent party that counted/validated the votes at the ASM, if any.	<i>The Company will explore the desirability of employing an independent party to validate votes during ASMs.</i>
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	COMPLIANT	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out</p> <p><i>The Notice of Annual Stockholders' Meeting was sent to shareholders on 31 May 2018 or 28 days before the Annual Stockholders' Meeting on 28 June 2018.</i></p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p><i>Shareholders' approval of remuneration or any changes therein were not included in the agenda of the meeting since no approval of such was sought.</i></p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p> <p>http://edge.pse.com.ph/openDiscViewer.do?edg_e_no=e6550995baddb4ac43ca035510b6ec2b#sth_ash.c0q2QHJU.dpbs</p>	
Supplemental to Recommendation 13.2			

1. Company's Notice of Annual Stockholders' Meeting contains the following information:		Provide link or reference to the company's notice of Annual Shareholders' Meeting http://www.abrown.ph/investor-relation-tax/notice-of-annual-or-special-stockholders-meeting/	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT	Please refer to the Company's 2018 Definitive Information Sheet on the following: <ul style="list-style-type: none"> • Profiles of Directors [Page 10-14]; • Auditors Seeking Appointment - Agenda No. 7 [Page 2 and 5]; and • Proxy Document –Annex C http://www.abrown.ph/wp-content/uploads/2018/05/05_17_2018_A-BROWN-2018-Definitive_Final-for-SEC-PSE.pdf	
b. Auditors seeking appointment/re-appointment	COMPLIANT		
c. Proxy documents	COMPLIANT		
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	Provide link or reference to the rationale for the agenda items <i>PSE Disclosure Form 7-1 Notice of Annual or Special Stockholders' Meeting (Please see attachment)</i> http://edge.pse.com.ph/openDiscViewer.do?edg_e_no=e6550995baddb4ac43ca035510b6ec2b#sth_ash.hldJFUv0.dpbs	

Recommendation 13.3

1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM. <i>Please refer to the disclosure made by the Company on the PSE Edge website.</i> http://edge.pse.com.ph/openDiscViewer.do?edg_e_no=7b5e22f4bcee532843ca035510b6ec2b#stha.sh.VaobCunx.dpbs	
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2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.

COMPLIANT

Provide link to minutes of meeting in the company website.

Minutes of the Annual and Special Shareholders' Meetings

<http://www.abrown.ph/investor-relation-tax/minutes-of-the-general-or-special-stockholders-meeting/>

Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.

Approval of the Minutes of the Previous Annual Shareholders' Meeting

Approving	1,660,460,604
Dissenting	0
Abstain	0

Approval of President's Report for the Year Ended 31 December 2017

Approving	1,660,460,604
Dissenting	0
Abstain	0

Approval of the Audited Financial Statements for the Year ended 31 December 2017

Approving	1,660,460,604
Dissenting	0
Abstain	0

Ratification of all acts of the Board of Directors and Officers from the date of the last meeting up to the date of the present meeting

Approving	1,660,460,604
Dissenting	0
Abstain	0

Election of Directors

Walter W. Brown	1,660,460,604
Annabelle P. Brown	1,660,460,604
Robertino E. Pizarro	1,660,460,604
Roel Z. Castro	1,660,460,604
Elpidio M. Paras	1,660,460,604
Thomas G. Aquino	1,660,460,604
Antonio S. Soriano	1,660,460,604
Joselito H. Sibayan	1,660,460,604
Joel Bañares	1,660,460,604

Appointment of External Auditor

Approving	1,660,460,604
Dissenting	0
Abstain	0

Indicate also if the voting on resolutions was by poll.

The voting was done viva voce.

Include whether there was opportunity to ask question and the answers given, if any

The Chairman opened the floor for questions but none was raised.

Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting <i>The external auditor, Constantino Guadalquiver & Co., was present during the June 28, 2018 ASM.</i>	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes <i>Under Part IV. 13.5 of the Revised Manual on Corporate Governance, the Board of Directors engages the services of a neutral third party to assist in the resolution of intra-corporate dispute.</i>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	Provide link/reference to where it is found in the Manual on Corporate Governance <i>Please refer to Part IV. 13.5 of the Manual on Corporate Governance http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</i>	

Recommendation 13.5

<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>COMPLIANT</p>	<p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> 1. Name of the person 2. Telephone number 3. Fax number 4. E-mail address <p><i>Ignacio A. Manipula</i> SVP – Chief Finance Officer</p> <p><i>Allan Ace R. Magdaluyo</i> Compliance Officer</p> <p>Telephone: (02) 638-6832 Telefax: (02) 633-3135 investor_relations@abrown.ph</p>	
<p>2. IRO is present at every shareholder's meeting.</p>	<p>COMPLIANT</p>	<p>Indicate if the IRO was present during the ASM.</p> <p><i>Ignacio A. Manipula, the head of the IR Office was present during the 28 June 2018 Annual Stockholders' Meeting.</i></p>	

Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	NON-COMPLIANT	Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.	<i>The Company sees this as a double-edged question since it may or may not benefit the company depending on the circumstance. (i.e. If the Company is on the verge of bankruptcy, it would be easy to sell-out to save the company but difficult if ownership is widely dispersed).</i>
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	COMPLIANT	Indicate the company's public float. As of 31 December 2018, the company's public float was 44.69%. Public Ownership Report https://www.abrown.ph/wp-content/uploads/2019/01/12_31_2018_Public-Ownership-Report.pdf	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM. <i>Please see information on the IRO: Investor Relation</i> http://www.abrown.ph/investor-relations-program/ <i>Contact Us - Email</i> http://www.abrown.ph/contact-us/	

2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	NON-COMPLIANT	Disclose the process and procedure for secure electronic voting in absentia, if any.	<i>The Company does not practice electronic voting in absentia, nevertheless the Company provides the proxy form should shareholders wish to participate in the meeting but are unable to attend.</i>
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Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	<p>Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.</p> <p><i>Based on Part V. 14.1 of the Revised Manual on Corporate Governance, the Company's stakeholders include but are not limited to customers, employees, suppliers, shareholders, investors, creditors, and the community the Company operates in, society, the government, regulators, competitors, and external auditors.</i></p> <p>2018 SEC Form 17-A (Annual Report) Item 13 (i) – Part V – Corporate Governance — [Page 79] https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>	
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Recommendation 14.2			
<p>1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.</p>	COMPLIANT	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p> <p><i>Revised Manual on Corporate Governance – Item 2.1.2. (Specific Duties and Functions of the Board) – [Page 10]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p><i>The Board should identify the corporation's stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely and effective communication with them;</i></p> <p><i>Revised Manual on Corporate Governance – Item 7 (Strengthening Board Ethics) – [Page 21]</i> <i>Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.</i></p> <p><i>Revised Manual on Corporate Governance – Part V (Duties to Stakeholders) – [Page 32-33]</i></p> <ul style="list-style-type: none"> • <i>Respecting Rights of Stakeholders and Effective Redress For Violation of Stakeholder's Rights;</i> • <i>Encouraging Employee's –Participation;</i> • <i>Encouraging Sustainability and Social Responsibility</i> <p><i>2018 SEC Form 17-A (Annual Report) PART V – CORPORATE GOVERNANCE</i> <i>Item 13. (i) - [Page 79]</i> https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>	

Recommendation 14.3			
<p>1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.</p>	<p>COMPLIANT</p>	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p><i>Please refer to Contact Us portion of the Company's website.</i> http://www.abrown.ph/contact-us/</p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p> <p><i>Please refer to the Company's Whistle-Blower Policy attached as Annex J of the Revised Manual on Corporate Governance.</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	

Supplement to Recommendation 14.3			
<p>1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.</p>	<p>COMPLIANT</p>	<p>Provide information on the alternative dispute resolution system established by the company.</p> <p><i>Based on Section 13.5 of the Revised Manual on Corporate Governance (page 31), the Board of Directors engages the services of a neutral third party to assist in the resolution of issues between the Company and its stakeholders. The alternative dispute resolution system includes arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof.</i></p>	

Additional Recommendations to Principle 14

<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>COMPLIANT</p>	<p>Disclose any requests for exemption by the company and the reason for the request.</p> <p><i>In 2018, the company did not seek exemption from the application of any law, rule or regulation relative to corporate governance issues.</i></p>	
<p>2. Company respects intellectual property rights.</p>	<p>COMPLIANT</p>	<p>Provide specific instances, if any.</p> <p><i>Employee Code of Conduct Section 11 – Article III (Offenses Against Company Interest and Policy) [Page11]</i></p> <p>http://www.abrown.ph/wp-content/uploads/2014/12/Code-Of-Conduct.pdf</p>	

Optional: Principle 14

<p>1. Company discloses its policies and practices that address customers' welfare</p>	<p>COMPLIANT</p>	<p>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</p> <p><u>Policy</u> <i>We are dedicated to satisfying our customers, listening to their requests and understanding their expectations. We strive to meet their expectations in affordability, quality and on-time delivery.</i> <i>We expect our customers to select our products because of quality, service and price. We conduct our business in an open and above-board manner and we do not seek any improper influence.</i> <i>All products must be exactly as specified by the customer in the contract and all quality assurance steps must be followed. Any change to a contract must have prior written approval of the parties involved and company's authorized sales personnel.</i> <i>As a general rule, business courtesies such as gifts, entertainment, services must demonstrate good business judgment and be reasonable (not frequent and lavish), legal and offered in a manner that could not hurt the company's reputation for impartiality and fair dealing.</i> <i>The company adheres also to the laws protecting our lot buyers in settlement of their obligations especially under installment terms.</i></p>	
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		<p><u>Activities</u> <i>The customers have undergone briefing/orientation about the business of the company and its subsidiaries, its products and services -- the real estate projects, oil palm milling, and energy projects; discussion on available payment scheme for financing, tripping or site visits, grant of requests for extension of payments or restructuring of the accounts.</i></p>	
<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures</p>	<p>COMPLIANT</p>	<p>Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.</p> <p><u>Policy</u> <i>We regard our suppliers as essential team members and we owe our suppliers the same respect that we show to our customers. Our suppliers deserve fair and equitable treatment, clear agreements and honest feedback on performance and delivery. We consider our suppliers' needs in conducting all aspects of our business. Helpful, friendly, professional relationships are essential to any business. While cultivating such relationships with our suppliers, we must also maintain an honest, objective and efficient procurement process. The purchase of materials and services must be in accordance with the company's procurement policies and procedures. The company's officers and employees may not solicit or accept gifts, payment or gratuities from our suppliers. (Promotional items of nominal value may be accepted.) Any financial interests in a company's supplier or someone seeking to become a supplier must be reported to the company. The company's policies in this area go beyond the law of prohibiting kickbacks. We must avoid even the appearance of improper conduct in all our business dealings.</i></p>	

		<p>Activities</p> <p>Step 1 - The Technical Group prepares the Agency Estimates and proforma Cost Estimates and forwards the same to the Assistant to the President and Construction Department Head for recommendation of approval by the President.</p> <p>Step 2 - The Bidding Committee sends out invitation to bid and schedules a pre-bid conference.</p> <p>Step 3 - The Technical Group conducts Pre-bid conference with the bidders and explains details of the project. At this point, the scope of the work is discussed and each bidder is given a plan of the project and the cost estimate form which they will fill-up and submit together with their bid during the dropping of bids. On-site inspection is conducted when necessary.</p> <p>Step 4 - Bidders will drop their sealed bids on designated dropping area. Bids after the official cut-off time will not be received.</p> <p>Step 5-Bidding Committee will conduct the opening of bid (without the bidders) during the scheduled time and evaluates the following as to:</p> <ul style="list-style-type: none"> - Specifications and agreement with the detailed cost estimates prepared by the Technical Group. - Responsiveness of bid amount based on the predetermined agency estimates. - Background and historical performance of the bidder taking into consideration the quality of work, timeliness of completion, etc. 	
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		<ul style="list-style-type: none"> - Other factors that the Committee will foresee that might affect the performance of the bidders and the project. <p>Step 6 - After evaluating the bids, the qualified bidders are segregated and again evaluated by the Bidding Committee to determine which among qualified bidders has the highest bid.</p> <p>Step 7 - After thorough evaluation, the Bidding Committee will finalize their findings and recommendations by completing the Dropping and Opening of Bids form.</p> <p>Step 8 - The President evaluates the results of bidding and if approved, signs in the dropping and opening of bid form.</p> <p>Step 9 - Preparation of letter of award signed by the President.</p> <p>Step 10 - Contract signing.</p> <p>The Policies and Procedure Manual on procurement especially the bidding process are the following:</p> <ol style="list-style-type: none"> 1) All personnel involved in the bidding process including the Bidding Committee, Technical Group, and the Contractors shall observe the highest standard of ethics during the procurement and execution of contracts. Thus, corrupt, fraudulent, collusive and coercive practices are strictly not followed. 	
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		<p>2) ABCI will have the right to reject a proposal for award or even if the contract has already been awarded if it determines that the awarded Bidder or Bidder recommended for award has engaged in corrupt or fraudulent practices in competing for the Contract. ABCI may then take out such firm in the list of accredited contractors either indefinitely or for a stated period of time. Further, ABCI may seek to impose the maximum penalties for civil and criminal liability available under the applicable law on individuals and organizations deemed to be involved with corrupt, fraudulent, collusive or coercive practices.</p> <p>Late bidders who arrived or submitted their bid at least 30 minutes from the scheduled time shall be disqualified to bid.</p>	
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Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Recommendation 15.1

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p> <p><i>According to Part V. 15.5 of the Manual on Corporate Governance, the Board establishes policies and programs in the areas of health, safety and welfare, training and development, rewards/compensation for employees.</i></p> <p><i>Also, please refer to the Company's Policy on Safety, Health and Welfare.</i></p> <p>https://www.abrown.ph/wp-content/uploads/2019/05/Policy-on-Health-Safety-and-Welfare-of-Employees-with-2018-Trainings-and-Activities-1.pdf</p>	
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Supplement to Recommendation 15.1

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>COMPLIANT</p>	<p>Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.</p> <p><i>Under the Company's Policy on Safety, Health and Welfare, a reward/compensation policy related to the Company's performance is in place. A bonus is given to the Board of Directors, officers and employees upon the recommendation of the Compensation and Remuneration Committee (now under Corporate Governance Committee). A performance evaluation is also conducted twice a year to measure an employee's work and results based on their job responsibilities and to determine if it warrants promotion.</i></p> <p>Please refer to Section 1 (BONUS) of Article V (COMPENSATION) of the company's Amended By-Laws: http://www.abrown.ph/wp-content/uploads/2018/05/06_13_2012_Amended-By-Laws-ABCI.pdf</p>	
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<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.</p> <p><i>Under the Company's Policy on Safety, Health and Welfare, the following programs were organized and conducted:</i></p> <ol style="list-style-type: none"> 1. Safety re-orientation for construction workers, plantation, and mill employees; 2. Wellness seminar; 3. Basic training course for political control; 4. Basic occupational safety and health seminar; 5. Seminar on pollution control and hazardous waste management; and 6. Employees' re-orientation seminar. <p>Please refer to the Company's Policy on Safety, Health and Welfare. https://www.abrown.ph/wp-content/uploads/2019/05/Policy-on-Health-Safety-and-Welfare-of-Employees-with-2018-Trainings-and-Activities-1.pdf</p>	
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<p>3. Company has policies and practices on training and development of its employees.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.</p> <p><i>Under the Company's Policy on Safety, Health and Welfare, the training and development program implemented by the company and its subsidiaries are identified through the Seminar/Training Need Form, which is accomplished by the department heads and through interview. The trainings and seminars are then classified based on the following criteria: knowledge, skills, behavioral/attitude and safety & health.</i></p> <p><i>Please refer to the Company's Policy on Safety, Health and Welfare.</i> https://www.abrown.ph/wp-content/uploads/2019/05/Policy-on-Health-Safety-and-Welfare-of-Employees-with-2018-Trainings-and-Activities-1.pdf</p>	
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Recommendation 15.2			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption</p> <p><i>Please refer to the Company's Code of Conduct Article III - (Section 4 to 7)</i> http://www.abrown.ph/wp-content/uploads/2014/12/Code-Of-Conduct.pdf</p>	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>COMPLIANT</p>	<p>Identify how the board disseminated the policy and program to employees across the organization</p> <p><i>Under the Company's Policy on Safety, Health and Welfare, the Human Resource Department (HRD) conducts re-orientation seminar for the employees discussing the company's vision, mission and core values, the code of conduct and manual on corporate governance.</i></p> <p><i>Also, please refer to the Revised Manual on Corporate Governance</i> Section 17 – Communication Process [Page 33] Section 18 – Training Process [Page 33] Section 19 – Monitoring and Assessment [Page 34] http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	

Supplement to Recommendation 15.2

<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</p> <p><i>Please refer to the Company's Employee Code of Conduct. Section 4 to Section 7 – Article III (Offenses Against Company Interest and Policy) [Page 10] Procedure in Handling Administrative Cases [Page 17-19] http://www.abrown.ph/wp-content/uploads/2014/12/Code-Of-Conduct.pdf</i></p> <p>Include any finding of violations of the company policy.</p> <p><i>There were no violations committed in 2018.</i></p>	
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Recommendation 15.3

<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p><i>Please refer to Annex J of the Revised Manual on Corporate Governance for the Whistle-Blower Policy</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p><i>Under Part IV. of the Whistle-Blower Policy, the Company reserves the right to take appropriate actions against anyone who initiates or threatens to initiate retaliation against those who have raised concerns. In particular, directors, officers and employees who initiate or threatened retaliation will be subject to disciplinary actions, which may include suspension or summary dismissal.</i></p> <p>Provide contact details to report any illegal or unethical behavior.</p> <p><i>Annex A of the Whistle-Blower Policy provides for a Whistle Blower Report Form that indicates the e-mail address of the Governance Committee.</i></p>	
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>COMPLIANT</p>	<p><i>Under Part V. of the Whistle-Blower Policy, a whistle-blower who has legitimate malpractice concern can raise the matter directly to the Governance Committee, which is tasked to oversee the implementation of the corporate governance framework.</i></p>	

<p>3. Board supervises and ensures the enforcement of the whistleblowing framework.</p>	<p>COMPLIANT</p>	<p>Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.</p> <p><i>Revised Manual on Corporate Governance – Item 15.3 – Encouraging Employee’s Participation – [Page 32]</i> <i>Whistle-blower Policy (Annex J) – Monitoring and Compliance [Page 69]</i> http://www.abrown.ph/wp-content/uploads/2014/05/Revised-Manual-on-Corporate-Governance-05312017Final-1.pdf</p>	
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Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

Recommendation 16.1

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p> <p><i>The Company's corporate social responsibility (CSR) activities are reported in SEC Form 17-A, SEC Form 20-IS and Annual Report.</i></p> <p><i>SEC Form 17-A (Annual Report) Part VIII – Corporate Social Responsibility [Page 79-80]</i> https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p>	
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Optional: Principle 16

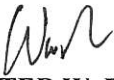
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p> <p><u>Policy</u> <i>The company has been long committed to minimizing our environmental impact by complying with all the laws and regulations relating to environmental protection in the communities we operate: developing land into residential communities, from planting to milling of the agricultural produce and building essential energy infrastructure. Facilities must have policies and procedures in place to ensure environmental impacts are minimized with respect to energy, air emission, water, waste, hazardous materials and other significant environmental risks. Facilities should make sustainable improvements in environmental performance.</i> <i>The company is committed to managing environmental matters as an integral part of our business. It is our policy to assure the environmental integrity of our processes and facilities at all times and in places where the milling and refining operate. We will strive that our goals to be aligned in the philosophy of legal compliance, product stewardship, on-going improvement and involvement and communication to environmental responsibility</i></p> <p><u>Activities</u> <i>The company conducts its business consistent with its environmental policy by: (i) complying with relevant legislative requirements and regulations through securing Environmental Compliance Certificate (ECC) for all its real estate projects, agri-business manufacturing products of oil palm and energy infrastructure projects as well as continued compliance to ECC provisions; (ii) striving to prevent the release of substances that cause environmental harm to the air, water and land; (iii) conserving natural resources through careful planning and efficient use; (iv) minimizing waste through source reduction and recycling; and (v) handling and disposing of wastes through safe, environmentally responsible methods and conserving energy through the efficiency of its use in our operations</i></p>	
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<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p> <p>2018 SEC Form 17-A (Annual Report) - Page 79-80] https://www.abrown.ph/wp-content/uploads/2019/05/04_30_2019_SEC-17-A-for-PSE-SEC_FINAL.pdf</p> <p>Please refer to the Company's website. http://www.abrown.ph/corporate-social-responsibility/</p> <p><u>Policy</u> <i>In the communities where we operate, the company works to make a positive and lasting difference in people's lives. We do so by building homes for happier families, by producing basic products sustainably for the world, by energizing the country's development and by providing financial support on improving its road networks, rehabilitation of its utility systems, promoting and preserving the cultural beliefs, customs and education of indigenous people and by protecting the environment.</i></p> <p><i>To ensure that our philanthropic activities are strategic and impactful, the Company identifies partner organizations whose skills and contributions complement our strengths and expertise, and then we carefully measure the impact of our programs and share what we learn with others.</i></p>	
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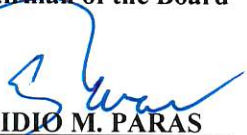
	<p><u>Activities</u></p> <p><i>While we produce products and provide services to the communities we serve, we recognize that the company has social responsibility in giving back to the communities their constituents need.</i></p> <p><i>Acting to the request of community and initiatives that the company perceived, the company activities for the year include:</i></p> <ul style="list-style-type: none"> <i>*scholarship program to the students belonging to Higaonon tribes</i> <i>*Financial Assistance to Indigenous Peoples (IPs) Community</i> <i>*Financial Assistance to non-profit charitable institution e.g. home to indigent people</i> <i>*participated in the blood-letting activity in partnership with the Philippine Red Cross</i> 	
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Pursuant to the requirement of the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE), this ^{integrated} Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of PASIG CITY on MAY 29 2019, 2019.

SIGNATURES


WALTER W. BROWN
 Chairman of the Board


ROBERTINO E. PIZARRO
 President/ Chief Executive Officer


ELPIDIO M. PARAS
 Independent Director


THOMAS G. AQUINO
 Independent Director


ATTY. JASON C. NALUPTA
 Corporate Secretary


ALLAN ACE R. MAGDALUYO
 Senior Finance Manager/CIO/Compliance Officer

SUBSCRIBED AND SWORN to before me this MAY 29 2019 day of MAY 29 2019, affiant(s) exhibiting to me their Passports, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
Walter W. Brown/ EC7723602	May 16, 2016	DFA – NCR East
Robertino E. Pizarro/ P4275745A	September 06, 2017	DFA - Cagayan de Oro
Elpidio M. Paras/ P7154412A	May 12, 2018	DFA – Cagayan de Oro
Thomas G. Aquino/ P3599859A	July 06, 2017	DFA - Manila
Jason C. Nalupta/ P7670714A	June 26, 2018	DFA – NCR South
Allan Ace R. Magdaluyo/ EC6500192	January 16, 2016	DFA - Pampanga

~~FERDINAND PABLO~~
 NOTARY PUBLIC
 Until December 31, 2019
 Appointment No. 106(2018-2019)
 For Pasig City, Pateros and San Juan City
 Attorney's Roll No. 46377
 IBP LRN 02489, O.R. No. 535886. 06-21-2001
 MCLE No. VI-0025705, 04-02-19
 PTR No. 5174565, 01-08-19, Pasig City
 4F Goldtop Tower A, Jose Ma. Escrivá Drive
 Ortigas Center, Pasig City

Doc No. 247
 Page No. 77
 Book No. J7
 Series of 2019

ANNEX "A"

PROGRAM TITLE	HUMAN RESOURCE
PROCESS TITLE	Performance Management

I. SCOPE

This Policies and Procedures Manual establishes policies, systems and procedures on Performance Management. All duties and responsibilities stated in this manual are not exclusive to the personnel's designated responsibilities in this process title.

II. OBJECTIVES

- To stress the importance of setting objectives or individual commitments consistent with the accountabilities of an employees' position;
- To provide a responsive tool for objective, accurate and output-oriented evaluation of individual as well as section/ department performances;
- To provide a system for relating targets to accomplishments, performance to standards and all these to the objectives of the company.
- To improve employees' overall performance on the job through a continuing appraisal procedure that considers planning for future action and evaluating past performance;
- To determine promotion, transfer, salary adjustments or other appropriate personnel actions;
- To identify training needs and potentials of employees in order to assist them in their long-range development;
- To improve the total company outputs/effectiveness by motivating employees to achieve top-light performance.

III. PERSONNEL INVOLVED

A. *Department Heads*

1. Ensures Job descriptions accurately convey the main purpose and scope of the post and the tasks involved and that new appointees have been properly assessed at interview against the person specification for the job.
2. Ensures that one's staff is given full induction with regard to the organization, department/service area and the job itself.
3. Regularly discusses performance with one's staff and identifies inadequate performance identified as soon as possible, so that corrective action can be taken.
4. Ensures that one's staff have a reasonable and realistic chance of succeeding in the job with appropriate training and development identified through KSA Appraisal Reviews or training interventions in response to specific performance issues
5. Ensures employees receive initial and ongoing job training and that training needs are re-assessed following any job changes.
6. Ensures job content is appropriate to the grade.
7. Provides realistic expectation of staff's work performance.
8. Ensures volume of work is reasonable.

B. *Head, HR & Development*

1. Ensures that all aspects of the performance management process are fair and equal both in practice and with regard to legislation.
2. Provides support and guidance throughout the performance management processes to managers and other members of staff as required

C. *Learning and Development Officer*

1. Provides training and advice to managers on the implementation and application of the Performance Management Policy and Procedure.

D. *HR Assistant*

1. Disseminates performance evaluation forms to all department heads every last week of June and December
2. Retrieves duly accomplished forms and prepare summary of the evaluation per employee.
3. Submits summary of evaluation per employee to HR, Supervisor, Learning & Development Officer, and Head of HR & Development.

E. *Employees*

1. Participates in the Appraisal Review process.
2. Actively engages in relevant training as detailed in their development plans.
3. Attends all meetings arranged in relation to any capability issues ~~and for~~
4. Makes every effort to improve in the identified areas where job requirement standards are not being met.
5. Seeks clarification of any points not fully understood around the issues raised in regards to their capability and the application of the Performance Management Policy to their situation.

IV. KEY TERMS

- A. *Performance / capability*- defined as the fulfilment by an employee of the requirements of their job in the working environment accepted as standard for the role. Enhanced by effective training, support and development.
- B. *Performance Evaluation*- Formal determination of an individual's job-related actions and their outcomes within a particular position or setting.

V. POLICIES

A. **General**

1. The Performance Management System shall apply to all officers and employees of the company. However, weights of performance and personality factors vary, to wit:

FACTORS	RANK AND FILE	SUPERVISORS	MANAGERS
Part I: Performance Factors	80%	20%	10%
Part II: Personality Factors and Their Congruence to Corporate Culture	20%	10%	10%
Part III: Management Factors	N/A	20%	20%
Part IV: QC Participation and Innovation/ Initiatives	N/A	20%	20%
Part V: Objectives	N/A	30%	40%
TOTAL:	100%	100%	100%

2. It shall be conducted semestrally in July for January- June period and January of the following year from July- December period.
3. Each employee or officer shall be rated by his immediate superior, subject to review or concurrence by the next higher superior.
4. The performance appraisal which is primarily concerned with the output requirements of every individual employee and the personality/ management factors which affect performance involves a procedure with the following steps:

VI. PROCEDURES

PERFORMANCE PLANNING

1. Discussion of Job Description

The immediate superior discusses the job description to the staff to clarify understanding of responsibility and priority among responsibilities as they relate to the objectives of his unit and ultimately to the goals of the organization.

2. Establishment of Individual Commitments/ Work Targets

Based on the key result areas of the departments, section or position, the employee and supervisor agrees upon a program of performance targets for his job for a six-month period. This program of performance targets is the individual employees' commitment to actualize the key result areas effectiveness areas of his unit.

PERFORMANCE MONITORING

a. Discussion of Performance Progress

Every end of the semester, the immediate superior conducts performance appraisal and discusses the same to the employee.

At least once a month, the supervisor shall hold a dialogue with his subordinate to monitor the latter's achievement of work targets.

At the session, the supervisor and employee may likewise agree to change/revise/modify the latter's work commitment. Any agreement on such change/modification/revision shall be documented.

APPRAISAL DISCUSSION

b. Discussion of Results

At the end of the evaluation period, the supervisor and the employee meet to discuss the results of the employee's efforts to meet his work targets/ commitments.

c. Developing Planning

Under this phase, the employee is assisted through follow-through activities such as coaching, counselling and his attendance to various trainings for self and career development. Together, the supervisor and subordinate also discuss possible career path and other developmental activities/opportunities the employee can undertake during his employment with the company.

A BROWN COMPANY, INC.
FACTORS OF PERFORMANCE APPRAISAL

Part I

- 1. Work Quality** - thoroughness, neatness accuracy, completeness and the exercise of good judgment applied to achieve the best result at least time, cost and effort.
- 2. Work Quantity** - volume of work accomplished within a specified time in accordance with acceptable standards.
- 3. Human Relations and Communications** – the effectiveness of working relationship with subordinates, peers, superiors within or outside the organization such as the suppliers and customers.
- 4. Adherence to Company Policies/ Rules & Regulations**
 - No violations – Above Average to Outstanding
 - Verbal Reprimand – Average
 - Written Warning – Below Average
 - More than 1 written warning/ suspension – Poor
- 5. Attendance**
Absenteeism/ Tardiness at work including Flag Ceremony and company sponsored activities
 - Perfect Attendance & less than 2 tardiness w/ < 15 min/ year – Outstanding
 - W/ minimum of two unpaid leaves & 3- 5 times tardiness – Above Average
 - W/ more than two unpaid leaves & 6-8 times tardiness – Average
 - W/ one unexcused leave and 9-11 times tardiness – Below Average
 - W/ more than one unexcused leave and more than 11 times tardiness - Poor

Part II Personality Factors and their Congruence to Corporate Culture

A. Practice of Corporate Values/ Virtues

1. Discipline and Order

- follows company rules and regulations without hesitancy or mockery
- arrives on time for work, meetings and appointments
- keeps work area neat and clean
- prioritizes work and follow it conscientiously

2. Initiative, Innovativeness, and Enterprise

- ability in initiating proper action/ make decisions at work when circumstances warrant; eagerness to do something, shows initiative and is dependable;
- Contributes new and better ways of doing things
- shows creativity by continuously finding new ways to improve work
- development oriented
- encourages and recognizes creativity of others
- being proactive, ready and eager to embark on new ventures

3. Sound Judgment

- ability to make a sound decision based on facts and implement a plan
- ability to look at all sides of a problem or issue and to weigh all of the options before a final determination is made

4. Optimism & Efficiency

- Positive, tendency to expect the best possible outcome or dwell on the most hopeful aspects of a situation
- functioning or producing effectively and with the least waste of effort;
- Always strives to meet if not exceed the standards of the work output required
- Makes reasonable use of things and avoids wastage to improve work

5. Competence and Professionalism

- reliable and trustworthy in meeting work assignment
- has thorough knowledge about his/ her job
- performs functions with great skill and accuracy
- strives to acquire new learning to improve self and his/ her job
- presents ideas, clearly, concisely and tactfully
- balances personal life and work harmoniously; can sacrifice personal time when needed for urgent work;
- open to suggestions from superiors, peers and subordinates
- works consistently regardless of moods and feelings
- bases his decisions solely on what serves the best interest of the business and the organization, and not on the vested interest of individual or groups
- maintain high standards of the company's products and services

6. Unity

- Adheres to the importance of unity and teamwork in the company
- Supports and participates in cooperative undertakings of the company
- gives priority to the needs of others than himself/ herself
- can be depended on during corporate activities
- can work with others effectively to achieve objectives
- informs and discusses problems at work with superior for immediate solutions

7. Loyalty and Concern

- Believes and speaks well of the company products, officers & employees
- does things without being told in the interest of the company and its employees
- goes beyond his call of duty for the good of his customers and the company
- keeps confidential matters as may be required of his job
- maintains a customer-focused attention at all times

8. Respect and Humility

- tactful and humble in dealing with superiors, peers, subordinates
- respects others' views and opinions
- gets and follows instructions from superiors without complaints
- accepts humbly and sincerely his/ her own mistakes, suggestions and corrections

9. Cheerfulness

- has wholesome personality, greets everyone with a smile or exhibits other pleasant gestures
- copes well with stress and pressures of work; comforts and encourages others
- maintains serenity and controls temper even when there is pressure from work or provocations
- deals with difficult customers with calmness by patiently listening and attending to their complaints
- responds to approaches and needs of others with joy and sincerity
- communicates openly and frequently with subordinates for smoother relationship

10. Generosity

- offers help unselfishly and sincerely to co-workers without expecting anything in return
- consider the welfare of others first before his own

11. Love for God and others

- Keeping His commandments
- Cares about another person's welfare

12. Moral Integrity

- Adheres to the norms and standards of the company and society as a whole
- Speaks the truth and will fight for it at all times

13. Honesty and Credibility

- uses corporate resources for official purposes only
- reports loss or damage of company properties even if caused by himself or co- worker
- does not accept gifts or bribes from suppliers or other entities as a result of doing ones' work.
- keeps confidential matters as required in his job and speaks truthfully and sincerely always

14. Stewardship

- careful and responsible management of something entrusted to one's care
- cares for and protects the assets, resources and properties of the company

15. Prudence

- the ability to govern and discipline oneself by the use of reason
- skill and good judgment in the use of resources and in the management of affairs
- caution or circumspection as to danger or risk

B. Potentials

- capability of the employee to assume more responsible and challenging role in the organization and to do more complex tasks.

Part III. Management Factors

1. Planning

- capability/ competence to do long and short- ranged plans/ budget
- to make forecast
- to set objectives
- to program work activities
- to prepare budget and to anticipate potential problems and opportunities

2. Organizing

- effectiveness in setting and clarifying tasks/ functions in establishing and maintaining work relationship and in delegating authority and responsibility

3. Leading

- skills in initiating, regulating, communicating and motivating people
- ability to guide and coach subordinates resulting into effectiveness of the units' performance

4. Controlling

- ability to set standards of performance
- to measure, monitor, evaluate results and to take corrective actions

5. Judgment

- Fairness/ justice to employees and company
- judgment/ decision- making capability that yields effective results in the work unit

Part IV. Quality Circle (QC) & Innovation Initiatives

1. Quality Circle Participation

- Attendance during QC meetings**
- QC evaluation result**

2. Innovation Initiatives

- **Ability to solve or translate an idea or invention into a good or service that creates value to the customers and organization.**

RATING:

Part I	-	Exemplary	
		Above Acceptable	
		Acceptable	
		Needs Improvement	
		Poor	
Part II		Frequency	Rating
		Always	Exemplary
		Frequent	Above Acceptable
		Occasional	Acceptable
		Seldom	Needs Improvement
		Never	Poor
Part III - Exemplary		Above Acceptable	
		Acceptable	
		Needs Improvement	
		Poor	
Part IV - Exemplary		Above Acceptable	
		Acceptable	
		Needs Improvement	
		Poor	
Part V - Exemplary		Above Acceptable	
		Acceptable	
		Needs Improvement	
		Poor	

Part VII. BUSINESS FORMS

A. Performance Evaluation for Managers

**A BROWN COMPANY INC.
EVALUATION SHEET FOR MANAGERS**

SEMESTER: _____ YEAR: _____
(Please indicate numerical rating based on the criteria provided below)

	Exemplary/ Outstanding (9-10)	Above Acceptable/ More Than Satisfactory (7-8)	Acceptable/ Satisfactory (5-6)	Needs Improvement/ Below Average (3-4)	Poor (1-2)	Points
PART I PERFORMANCE FACTORS (10%)						
1 Quality of Work						
2 Quantity of Work						
3 Human Relations/ Communications Adherence to Company Policies/ Rules & Regulations						
4 Attendance (Absenteeism/ Tardiness)						
Average _____						
Weighted Ave. _____						
PERSONALITY FACTORS AND THEIR CONGRUENCE TO CORPORATE CULTURE (10%)						
PART II A. Practice of Corporate Values/ Virtues						
1 Discipline & Order						
2 Initiative and Enterprise						
3 Sound Judgment						
4 Optimism & Efficiency						
5 Competence & Professionalism						
6 Unity						
7 Loyalty & Concern						
8 Respect & Humility						
9 Cheerfulness						
10 Generosity						
11 Love for God & others						
12 Moral Integrity						
13 Honesty and Credibility						
14 Stewardship						
15 Prudence						
B. Potential						
Average _____						
Weighted Ave. _____						
PART III MANAGEMENT FACTORS (20%)						
1 Planning						
2 Leading/ Motivating						
3 Organizing						
4 Controlling						
5 Judgment						
Average _____						
Weighted Ave. _____						
PART IV QC & INNOVATION (20%)						
1 QC Participation						
2 Innovation Initiatives						
PART V OBJECTIVES (40%)						

(Pls. refer to the Objectives Manual for reference and other objectives/ deliverables agreed by both the ratee and the rater. May use separate sheet if necessary)

NARRATIVE APPRAISAL (state the strength, weaknesses, achievements, failures by the employee- ratee)

SUMMARY OF OVER- ALL PERFORMANCE (to be accomplished by HRD)

Weighted Average Score (Part 1) _____

Weighted Average Score (Part 2) _____

Weighted Average Score (Part 3) _____

Weighted Average Score (Part 4) _____

Weighted Average Score (Part 5) _____

Overall Score _____

Equivalent Rating _____

Adjectival Rating _____

The content of this performance appraisal form were discussed to me. I shall abide with the result arising from this appraisal.

_____ Date _____

Ratee/ Position _____ Rater/ Position _____

The use of this format is optional if performance planning/ target setting was not done prior to the evaluation period.

Endorsed by: _____
Rater's Superior

B. Performance Evaluation for Supervisors

A BROWN COMPANY INC.
EVALUATION SHEET FOR SUPERVISORS

SEMESTER: _____ YEAR: _____
(Please indicate numerical rating based on the criteria provided below)

	Exemplary/ Outstanding (9-10)	Above Acceptable/ More Than Satisfactory (7-8)	Acceptable/ Satisfactory (5-6)	Needs Improvement/ Below Average (3-4)	Poor (1-2)	Points
PART I PERFORMANCE FACTORS (20%)						
1 Quality of Work						
2 Quantity of Work						
3 Human Relations/ Communications Adherence to Company Policies/ Rules & Regulations						
4 Attendance (Absenteeism/ Tardiness)						
Average _____ Weighted Ave. _____						

**PERSONALITY FACTORS AND THEIR
CONGRUENCE TO CORPORATE
CULTURE (10%)**

	Always (9-10)	Frequent (7-8)	Occasional (5-6)	Seldom (3-4)	Never (1-2)	Points
PART II A. Practice of Corporate Values/ Virtues						
1 Discipline & Order						
2 Initiative and Enterprise						
3 Sound Judgment						
4 Optimism & Efficiency						
5 Competence & Professionalism						
6 Unity						
7 Loyalty & Concern						
8 Respect & Humility						
9 Cheerfulness						
10 Generosity						
11 Love for God & others						
12 Moral Integrity						
13 Honesty and Credibility						
14 Stewardship						
15 Prudence						
B. Potential						
Average _____ Weighted Ave. _____						

	Exemplary (9-10)	Above Acceptable (7-8)	Acceptable (5-6)	Needs Improvement (3-4)	Poor (1-2)	Points
PART III MANAGEMENT FACTORS (20%)						
1 Planning						
2 Leading/ Motivating						
3 Organizing						
4 Controlling						
5 Judgment						
Average _____ Weighted Ave. _____						

	Exemplary (9-10)	Above Acceptable (7-8)	Acceptable (5-6)	Needs Improvement (3-4)	Poor (1-2)	Points
PART IV QC & INNOVATION (20%)						
1 QC Participation						
2 Innovation Initiatives						

	Exemplary (9-10)	Above Acceptable (7-8)	Acceptable (5-6)	Needs Improvement (3-4)	Poor (1-2)	Points
PART V OBJECTIVES (30%)						

(Pls. refer to the Objectives Manual for reference and other objectives/ deliverables agreed by both the rater and the ratee. May use separate sheet if necessary)

NARRATIVE APPRAISAL (state the strength, weaknesses, achievements, failures by the employee- ratee)

SUMMARY OF OVER- ALL PERFORMANCE (to be accomplished by HRD)

Weighted Average Score (Part I) _____

Weighted Average Score (Part 2) _____

Weighted Average Score (Part 3) _____

Weighted Average Score (Part 4) _____

Weighted Average Score (Part 5) _____

Overall Score _____

Equivalent Rating _____

Adjectival Rating _____

The content of this performance appraisal form were discussed to me. I shall abide with the result arising from this appraisal.

Ratee/ Position _____ Date _____ Rater/ Position _____

The use of this format is optional if performance planning/ target setting was not done prior to the evaluation period.

Endorsed by: _____
Rater's Superior




CERTIFICATION

Relative to the requirement of the Integrated Annual Corporate Governance Report (IACGR), we would like to report that a sound internal audit, control and compliance system is in place and working effectively. Internal audit procedures to test the internal controls and compliance to written manuals, guidelines and issuances that outline procedures and processes were being conducted regularly on a risk-based approach for the year 2018. The internal auditor's findings and observations are regularly discussed with the concerned departments and officers and reported to the Audit Committee for corrective actions at least on a quarterly basis. Any recommendations to strengthen and improve the internal control system are also discussed and adopted if the recommendations will provide reasonable assurance that system of effective organizational and procedural controls are in place.

Signed this 30th day of April 2019

A. Brown Company, Inc.:


Mr. Robertino E. Pizarro
Chief Executive Officer/President

Internal Auditors:


Ms. Lindy C. Patriana
Managing Partner
Baconga Patriana & Co.
Certified Public Accountants

**THE AUDIT COMMITTEE
A BROWN COMPANY INC.**

Xavier Estates, Balulang, Cagayan de Oro City

ANNEX "C"

Dear Sirs:

Relative to the requirement of the Integrated Annual Corporate Governance Report (IACGR), we would like to report that internal audit activities were being conducted regularly on a risk-based approach.

The areas covered by the internal audit for the year 2018 are as follows:

IA 2018-1	Cash counts
IA 2018-2	Warehousing of materials and other supplies
IA 2018-3	Audit on expanded withholding taxes
IA 2018-4	Construction Projects
IA 2018-5	Monitoring of Land Titles and RPT
IA 2018-6	Trade and other payables
IA 2018-7	Sales Documentation
IA 2018-8	Physical Verification of Fixed Assets
IA 2018-9	Retirement and resignation of employees
IA 2018-10	Installment contract receivable
IA 2018-11	Review on Petty Cash Fund & Revolving Fund Replenishments
IA 2018-12	Physical Inventory Count Observations

The internal audits are conducted to test the internal control environment/procedures and compliance to written manuals, guidelines and issuances that outline procedures and processes and check that a sound internal control and compliance system is in place and working effectively. The internal auditors' findings, observations, and recommendations are discussed with the concerned departments, officers, and staff.

Certain weaknesses on internal controls were noted and brought to management's attention. We did not note any material fraudulent transactions on the audit areas covered during the year 2018. This, however, is not an absolute assurance due to the test nature and inherent limitations of the audit.

Very truly yours,


Lindy C. Patriana
Managing Partner

ANNEX "D"

A BROWN COMPANY, INC.

BOARD ATTENDANCE FOR 2018 MEETINGS

	Date of Meeting										
	Jan 11	April 5	May 2	June 28	June 28***	Aug 2	Oct 18	Nov 28	Dec 7	Dec 20	Dec 28
Walter W. Brown	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Annabelle P. Brown	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Robertino E. Pizarro	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Roel Z. Castro*	✓	✓	✓	✓	✓	-	✓	✓	-	-	-
Elpidio M. Paras	✓	✓	✓	-	-	✓	✓	-	-	✓	✓
Thomas G. Aquino	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Antonio S. Soriano	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Josclito H. Sibayan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Joel A. Bañares*	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	-
Renato N. Migriño**											

Note: * Resigned on 28 December 2018, effective 31 December 2018

** Elected on 28 December 2018, effective 2 January 2019

*** Organizational Meeting

RECALL NOTES ON THE SPECIAL MEETING
OF THE NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS OF

A BROWN COMPANY INC.

Held on 20 December 2018
at Annabel's Restaurant
Tomas Morato, Quezon City, Metro Manila

ANNEX "E"

PRESENT:

THOMAS G. AQUINO
ANNABEL P. BROWN
ELPIDIO M. PARAS
ANTONIO S. SORIANO
JOSELITO H. SIBAYAN

ALSO PRESENT:

JASON C. NALUPTA
DANIEL WINSTON C. TAN-CHI
IGNACIO A. MANIPULA
ALLAN ACE R. MAGDALUYO
JESERIO G. LONON (Internal Audit)

CALL TO ORDER

The Lead Independent Director, Mr. Thomas G. Aquino, called the meeting to order and presided over the same. The Corporate Secretary, Mr. Jason C. Nalupta, recorded the minutes of the proceedings.

CERTIFICATION OF QUORUM

The Corporate Secretary noted that all of the Non-Executive Members of the Board were present, hence, he certified the existence of a quorum to discuss the business at hand.

UPDATES FROM KEY OFFICERS

The Lead Independent Director advised the Body that the meeting has been called in compliance with the mandate of the Code of Corporate Governance for Listed Companies that the non-executive directors (NEDs) of listed companies should have separate meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. Accordingly, the heads of the internal audit, compliance, and risk functions have been invited to present updates to the Body.

A. Update on External Audit

The Chairman of the Audit Committee, Mr. Elpidio M. Paras, confirmed that the Corporation has engaged SyCip Gorres Velayo & Co. (SGV) as its new external auditor beginning the current year. Mr. Paras also advised the Body that the Audit Committee has met with representatives of SGV during which the latter presented their plan for the 2018 financial audit of the Corporation.

Finally, Mr. Paras assured the Body that the Corporation has had no differences with its former external auditor, Constantino Guadalquiver & Co., and that the change was only prompted by Management's desire to fully comply with the good corporate governance practice on the rotation of external auditors.

ORIGINAL

B. Update from Internal Auditor

The Lead Independent Director next acknowledged the presence of Mr. Jeserio G. Lonon from the Corporation's Internal Auditor, Baconga Patriana & Co., Jr., who presented an update on the activities of Internal Audit during the year involving not only ABCI but also its principal subsidiaries/affiliates.

C. Update from Risk Oversight Committee

Mr. Paras, Chairman of the Board Risk Oversight Committee (BROC), confirmed that the BROC has been convened during the year to discuss matters which Management has identified as possible sources of risk for the Corporation. He noted that the committee was satisfied with Management's responses to the identified risks.


D. Update from Compliance Officer

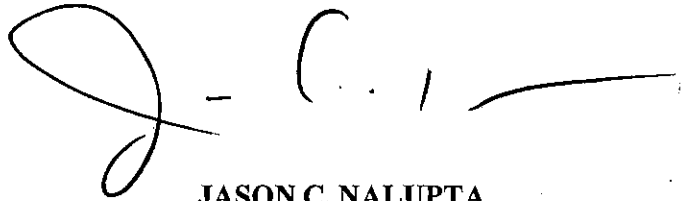
Mr. Allan Ace R. Magdaluyo was next requested to apprise the Body of the status of the Corporation's compliance with the governance standards established under the Code of Corporate Governance for Listed Companies.

ADJOURNMENT

There being no other matters to discuss, the meeting was thereupon adjourned.

Attested:


THOMAS G. AQUINO
Chairman of the Meeting
(Lead Independent Director)


JASON C. NALUPTA
Corporate Secretary

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